



# THE INDEPENDENT

Wednesday 5 November 1997 45p (R50p) No 3,446

## Britain achieves brain transplant breakthrough

A revolutionary technique which can repair damaged brain tissue, effectively a brain transplant, has been developed by a team of British scientists. It may help reverse some of the most tragic brain diseases, including Alzheimer's, Parkinson's and Huntington's. *Someone Ahmad* reveals one of the most exciting breakthroughs in medical science for years, and asks about the ethical issues it raises.

The new treatment, developed in London, is targeted not only at degenerative diseases but at the much more common conditions where brain cells die from lack of oxygen—such as strokes and heart attacks. Its economic effect, as well as its human impact, could be enormous: such disorders affect more than 5 million people in the US and UK alone, costing health services in both countries more than £60bn a year. Up to now, neurological disorders of the brain have been practically impossi-

ery of function. But what really surprised me was that the cells moved to the damaged sites." On top of that, the team has found a novel way of force-growing millions of foetal brain stem cells in the laboratory, using a cancer gene which switches on below body temperature. Dr John Sinden, co-founder of ReNeuron said: "We should be able to grow cells in the lab, keep them in the fridge and give them to the neurosurgeon when he needs them."

The only other method to transplant brain cells, currently practised in Sweden on patients with Parkinson's, depends on extracting partially developed brain cells which have to be taken from a large number of fetuses and at precisely the right time. This severely limits the conditions that can be treated. Some disorders need cells that do not appear until late in pregnancy when it would be illegal to abort.

"The ethical news is almost all good," said Professor Gray. "All the issues about using aborted fetuses will disappear. The need for human foetal tissue will dramatically reduce. We can treat a wide range of conditions. And this science also has great advantages over animal organ transplants."

Professor Gray, 63, a fellow in psychology at Oxford University for almost 20 years, and colleagues Dr Sinden, 46, and Dr Helen Hodges, 56, started work in 1984, setting up ReNeuron in 1997 as a private company. Initially funded by the Wellcome Trust and Medical Research Council, the scientists had to turn to industry, to tobacco giant BAT Industries in particular, to back their increasingly radical work.

"The lifeblood of science is asking the unlikely question. But no one wants to support research, no matter how important, that might fail," Professor Gray said. "As psychologists we took an imaginary leap that the biologically better-educated would not have risked."

This week ReNeuron has secured £250,000 from Merlin Ventures, the seed capital trust founded by Chris Evans, the colourful Welsh entrepreneur, who has launched a string of technology companies on the London stock market.

ReNeuron's research raises difficult ethical issues. The prospect of transplanting brain tissue raises the spectre of Frankenstein. Already cryogenics—freezing the head or body after death in the hope that science may be able to resurrect them—is a multi-million dollar industry.

Professor Gray is worried about such wild imagining. But he emphasises that his approach is not about improving the brain, but restoring it.

## Antarctica: the final holiday frontier



Ice-man cometh: Photographer Thomas J Abercrombie after four hours' work at the IGY South Pole research station in 1957. On 17 September that year, a temperature of -102.1F was recorded, making it officially the coldest spot on earth. Yesterday, 40 years later, Australia proposed closing two of its three Antarctic research bases, and turning them into tourist centres. Until now, tourism has been discouraged because of fears for the delicate ecosystem. Now, scientists say expeditions may be allowed—under strict supervision. Full report, Page 9 Photograph: Paul A Spile

ing two of its three Antarctic research bases, and turning them into tourist centres. Until now, tourism has been discouraged because of fears for the delicate ecosystem. Now, scientists say expeditions may be allowed—under strict supervision. Full report, Page 9 Photograph: Paul A Spile

## INSIDE TODAY

**INTIMACIES/18**  
Having sex in public  
**COMMENT/21**  
Suzanne Moore: why the Woodward fuss?  
**STYLE**  
How Levi's got a kick in the pants

## TODAY'S NEWS

### Baldness: finally the breakthrough?

After years of searching, a scientifically-proven cure for baldness may be near. Medical agencies in Britain and the United States are considering licensing a drug to stop male balding and even reverse it. Balding men who have been using the drug finasteride, marketed as Proscar, to treat enlarged prostate glands, found their hair growing back. In clinical trials following their discovery, nearly half of those treated with a milder form of Proscar had increases in hair growth, with around 100 hairs returning on every inch of balding scalp. Page 3

### M&S to go global

Marks & Spencer has announced an aggressive plan for global expansion, investing £2.1bn over the next three years, and creating another 5,000 jobs in Britain. Here, it plans to open up to 20 more local stores specialising in its food ranges, plus specialist menswear, women's clothing and home furnishing stores. But it is to open more shops on the continent, and in the Far East and Middle East. Page 22

### Anti-hunt MP must hide

The Labour MP who yesterday published his Bill to outlaw fox-hunting, has told *The Independent* that he was warned by the police to take his wife and three children out of their home for their own safety during a protest against his measure. Mike Foster, the Worcester MP, told us he believes he has the support of 90 per cent of Labour MPs and some Tories too. But the pro-hunting Countryside Alliance attacked his Bill as unworkable and draconian, saying it would make anyone who owned a dog which hunted something liable to prosecution. Interview and story, Page 7

### Royal Opera near crash

The Royal Opera House is teetering on the brink of insolvency, according to its chairman, Lord Chiddingfold. "If we can't get funds into the Opera House in a very short time, then the probability is that the House will become insolvent... It is going to be extremely difficult this week, maybe over the next ten days, to get ourselves through it, but I think we have a small opportunity to get through it," he said. His words come less than 24 hours after the Secretary of State for Culture, Chris Smith, announced that the Royal Opera, the English National Opera and the Royal Ballet should all be housed under the same Covent Garden roof. Pages 3, 16

### ... and so is Gay Pride

The London Lesbian and Gay Pride festival has been thrown into doubt after its organising body, the Pride Trust, went into voluntary liquidation with debts of nearly £170,000. The festival claims to be the world's largest free music event and attracts over 250,000 people a year. Page 2

## EXCLUSIVE

ble to combat because brain cells, unlike normal cells, are not replaced by the body.

But the team of psychologists from the Institute of Psychiatry at London's Maudsley Hospital, led by Professor Jeffrey Gray, injected rats brain-damaged from simulated heart attacks with embryonic mouse brain cells. Then the rats which had suffered from total amnesia and severe cognitive impairment recovered completely and were able to perform complex tasks, such as navigating through milky water to a platform to avoid drowning.

The team found that the injected brain cells—neuroepithelial stem cells or NESCs—migrated to various damaged sites in the rats' brains. There, they adopted the characteristics of the dead cells. The scientists' success led them to set up a company, ReNeuron, to sell their research. Experiments on humans are due to start in three years and a treatment could be available by early next century.

According to Professor Gray, the injected cells act as a first-aid kit for the brain. "I was overjoyed about the recov-

## Louise's fate lies in a judge's conscience

**The fate of Louise Woodward rests with Judge Hillier Zobel. So did the disappearance of key evidence, and its strange reappearance almost at trial's end, hamper her defence? The judge will sleep on it perhaps for many nights. His final decision will be posted on the Internet and David Osborne, along with many millions, will be waiting.**

Pleading before the court for sentencing relief for their client, defence lawyers for Louise Woodward said yesterday that they had been put at a grave disadvantage at trial because key autopsy photographs of the skull of the victim, Matthew Eappen, had not been made available until almost the last moment.

Shockingly, the lead lawyer for Ms Woodward, Barry Scheck, went on to suggest that, had they had access to the pictures earlier, the defence might not have taken the controversial decision to put Ms Woodward on the stand to assert her own innocence. This may imply regret amongst the lawyers about her testimony. In a post-verdict hearing in

the courtroom where Ms Woodward was found guilty nearly a week ago, Mr Scheck urged Judge Hillier Zobel to call a re-trial principally because of the photographs. "I leave it to your conscience, your honour," Mr Scheck finished.

Found at the back of a cupboard in the Medical Examiner's office and submitted to the trial after Ms Woodward's appearance, the pictures appear to support the crux of the defence case that the head impact that killed Matthew did not happen on 4 February, as alleged, but up to three weeks earlier.

Judge Zobel could throw out the verdict and declare an acquittal, call a new trial, or reduce Ms Woodward's conviction to one of manslaughter with a

much lower sentence. Or, of course, he could let the decision of the 12-person jury stand. His tensely awaited decision will be posted on the Internet, not announced in court, and could come today. If not, it is likely to be early next week.

As expected, the defence pushed at all three doors yesterday, including the option of a manslaughter conviction. To shape the evidence as heard by the jury to fit that charge, the defence said it was ready to accept that Ms Woodward may have inflicted some "trivial" trauma on Matthew on 4 February that triggered a re-bleed of the brain clot which it says was caused three weeks before. The prosecution, however, urged the judge to deny all three

motions. "You should not try to substitute your judgment for the judgment of the jury," the lead prosecutor, Gerard Leone, told the judge, adding that it would be wrong also to attempt to play the role of the "thirteenth juror".

Mr Leone also stressed that the defence made its own bed when it elected before the trial's end to withhold from the jury manslaughter as an option

for conviction, leaving it only with murder or not guilty.

While expectations seemed to be rising that some action would be taken by Judge Zobel to mitigate the plight of Ms Woodward, it was unclear what route he would take or whether the defence had given him sufficient information to overturn the status quo.

Agonising wait, page 3  
Suzanne Moore, page 21



WEATHER The Eye, page 10  
TELEVISION The Eye, page 12  
CROSSWORDS Page 32 and the Eye, page 9  
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## COLUMN ONE

### Gay Pride festival heads for financial fall

The future of the annual London Lesbian and Gay Pride festival, which claims to be the world's largest free music event, attracting more than a quarter of a million people, has been thrown into serious doubt by the voluntary liquidation of the festival's organiser, The Pride Trust.

The situation is not new. Pride has always lurched from financial crisis to crisis - the Pride Trust itself was set up five years ago after the previous organisers went bankrupt. Since then, the company, which relies heavily on volunteers, has managed to deal with accumulated losses by encouraging suppliers and sponsors to pay in advance for the following year. This year's event, which was overbudgeted by £80,000, inherited a rollover deficit of over £100,000 from last year.

"Pride needs a clean slate and the Trust is not prepared to defer the deficit for yet another year," said Rachel Smith, chairperson, who is likely to make an announcement next week. "In August our figures showed we had made enough money this year to clear the deficit. But a number of additional invoices have since come in, including things we were not prepared for, such as £40,000 in lost equipment, some higher than expected invoices, and some sponsors paying us less because things didn't go to plan."



Teddy Witherington, The Pride Trust's company secretary and festival producer, who left the organisation this summer to work in the United States, blames "power struggles within the Pride Trust", with "too few people making too many decisions", and the fact that the Trust has failed to raise new sponsorship deals over the past four months.

"Pride has become a monster that's got out of control," said Kim Lucas, the woman behind Summer Rites, set up two years ago as a commercially based alternative festival for gay Londoners. She blames this year's losses on a lack of contingency money set aside for "those extra expenses which always crop up".

Whoever is to blame for the current crisis, it is likely to bring to the surface a rift in the community based on different philosophical approaches to the event. Trust directors are hoping to find volunteers over the coming weeks to develop a new community-based, not-for-profit organisation which could oversee a scaled-down festival next year.

This approach is in line with Pride's history of community politics. It was born in 1972 with a march of 800 members of the then London Gay Liberation Front. Over the past few years, Pride has grown substantially year-on-year, becoming a commercial event attracting big-name pop groups and mainstream businesses such as United Airlines, Holsten Pils and Evian, who put up a total £200,000 in sponsorship this year.

"It has been run by well-intentioned amateurs, which perhaps was okay when it was small, but when you're talking about up to 500,000 people you've got to run it differently," says John Holding, who has acted as the Pride Trust's auditor since 1994. Mr Holding, and others within the community, believe it is time to develop a profit-based consortium of businesses to run the show. He warns: "The danger is that if we don't do it, then purely commercial interests will end up taking control."

— Carol Lipman

## PEOPLE



### Spring steps down after 15 years as Labour chief

Dublin's former foreign minister Dick Spring will today end days of speculation by standing down after 15 years as leader of Ireland's Labour Party.

A former rugby international, gaelic footballer, barrister, golfer and greyhound enthusiast, Mr Spring, 47, nicknamed "Groucho" for his dour demeanour, fuelled rumours by declining to confirm he would lead Labour into the next election.

Two damaging poll defeats accelerated the decision. June's general election saw Labour decimated; its 1992 peak of 33 Dail seats cut to just 17. Voters never forgave the party for a 1992 about-turn, when stinging criticism of Fianna Fail's standards was abruptly replaced by coalition with them.

Last week's presidential race saw Mr Spring's choice, the anti-nuclear campaigner Adi Roche, crushed by Mary McAleese, prompting some to question his judgement.

Another factor was the recent death of Mr Spring's mother, Anna. For 50 years she was so dedicated to her first husband Dan and subsequently to her son's constituents (she was even summoned to deliver babies and lay out corpses) that a colleague observed: "She made sure grass didn't grow in Kerry without Dan Spring knowing about it."

Mr Spring became party leader and a cabinet minister at 32 in 1981 barely 18 months after entering the Dail, modernising policy with a pragmatic social democracy, and purging Militant. Civil servants judged him one of the hardest-working ministers.

In 1993, after the IRA Warrington bomb, Mr Spring urged Irish people to wear white ribbons as a protest against the IRA. Addressing the child victims' parents, he wrote in *The Independent*, "The real Ireland walks in spirit behind the coffins of your sons."

He also forged a helpful, easy rapport with President Bill Clinton, assisted by one Irish aide's masterly golfing tips. By June, Mr Spring was burned out by relentless globe-trotting, European Union diplomacy in Ireland's 1996 presidency, the Northern Ireland peace process, domestic battles and long trips between Dublin and his Kerry seat. Overseas absences also sparked accusations that Labour was losing touch with worsening domestic crime and heroin problems.

Throughout, Labour strategist Fergus Finlay demanded utmost respect for his leader. Sean Duignan, Taoiseach Albert Reynolds' spokesman, quipped "I kind of like Spring, but he's touchy, and when he's not being touchy Fergus is touchy for him."

— Alan Murdoch



### Rude words from Prodigy at the music awards

Given a combination of The Prodigy, Chris Evans, the Spice Girls and Oasis, the *Q* Magazine music awards could hardly have been anything but a PR man's dream yesterday. They did not disappoint.

The mix and match of sensation and hype included Chris Evans trying to bury the hatchet with the head of Radio One after being told to "f\*ck off" by The Prodigy (left) for not playing their album on his radio show, veteran producer Phil Spector insulting the Spice Girls, and Liam Gallagher encouraging the public to go out and get arrested like

his brother Liam did after the awards last year.

Eclipsed by it all was the fact that Radiohead won album of the year for *OK Computer*. The Prodigy won best live act, and The Verve were beaten to best new act by the Fun Lovin' Criminals.

Phil Spector, who won a special award for his long career in the music industry, said that in America right-wing Christian groups claim the Spice Girls' performances are like pornographic movies. But he added: "A porno movie has got better music."

— Paul McCann  
Media Correspondent

### McGovern on screen shortlist

Jimmy McGovern, the writer, has been nominated for another award for *Hillsborough*, his hard-hitting docudrama about the Hillsborough football disaster, in a British-dominated line up of Emmy nominations.

*Hillsborough*, which won a Bafta earlier this year and which has been credited with getting the Government to open a judicial in-

quiry into the death of 95 Liverpool fans in the tragedy, leads a line-up of 9 British-made Emmy nominees out of 18.

The programme, made by Granada for ITV, is joined on the shortlist for best drama by *Crossing the Floor*, Channel 4's satire on contemporary British politics.

— Paul McCann

## UPDATE

### LIFESTYLE

#### £12m turns tenants into landlords

Almost 1,900 tenants of Scottish Homes in Dundee have become their own landlords in a £12m transfer deal which is set to benefit the area's economy, it was announced today.

The move comes after a secret ballot in April in which 94 per cent of local tenants gave their backing to the tenant-led Aberlady Housing Association. The handover has marked the end of the landlord role in the North-east of Scotland for the country's largest housing agency.

Over the next five years, the community-based group has plans to spend £5.5m on improvements to the houses and on major repairs. The 1,876 houses involved in the £11.8m transfer are located throughout the city. Ann Clark, a Scottish Homes board member, described the move as "a brilliant example of tenants taking control of their own future". The Royal Bank of Scotland is providing loan funding for the acquisition and improvements.

### TRAVEL

#### Traffic jam grows into next century

Motorway congestion is getting worse by about 5 per cent annually, and in the next 12 months it grew by 5.1 per cent, according to independent data collected by Trafficmaster.

The worst-affected motorway was the M25, where on an average day almost 480,000 vehicles were delayed - particularly on the recently widened sections between junctions 15 and 16. The next worst-affected areas were the Midlands and the North-east. Since 1993, congestion has grown by almost 20 per cent, leading Trafficmaster, which maintains a network of sensors monitoring the average speed of traffic, to predict that congestion in the early part of the next century will be at the high end of government forecasts. The time lost due to heavy traffic equates to about 38 million man hours, involves 55 million vehicles and costs UK businesses roughly £1.8bn in resources and time.

— Charles Arthur, Science Editor

### FINANCE

#### Looking for eco-friendly investment

Investors are becoming increasingly worried about where their money is invested, with the vast majority concerned that their investments should not benefit companies which are harming the world, a report said yesterday.

Friends Provident, the life and pension group, is trying to persuade more financial advisers to ask customers at the interview stage about their ethical views. A survey carried out by the mutual organisation revealed that half the number of investors did not know where their money was invested.

Of 993 adults who took part in the survey, 94 per cent said they wanted their investment to benefit companies which were helping rather than harming the world. Some 93 per cent said they would like to make a profit without anyone getting hurt in the process. Environmental damage and pollution, unnecessary exploitation of animals and exploitation of developing countries were areas that investors were keenest to avoid. Friends Provident stressed one of the potential barriers to ethical investment was a perception that an ethical policy would damage investment returns.

### ESSAY COMPETITION FOR LAW STUDENTS

The Independent is sponsoring an essay competition for law students to win a free place at the College of Law. Entrants have to write an essay under the question "What are Law Schools For?". The winner will have all tuition fees for the course paid.

Last year's winner of the College of Law/Independent competition, Abdul Hoq Mohammed, gained a training contract at Lincoln's Inn based Towers and Hamlyn.

Entries, in not more than 1,500 words, should be sent to: College of Law Essay Competition, College of Law, Brabourne Manor, St Catherine's, Guildford, Surrey, GU3 1HA. For more information contact the college marketing department on 0483 460350.

### TOURIST RATES

Australia (dollars)	2.29	Italy (lira)	2,773
Austria (schillings)	19.80	Japan (yen)	201.76
Belgium (francs)	58.17	Malta (lira)	0.62
Canada (\$)	2.30	Netherlands (guilders)	3.17
Cyprus (pounds)	0.83	Norway (kroner)	11.55
Denmark (kroner)	10.79	Portugal (escudos)	286.02
France (francs)	9.42	Spain (pesetas)	236.91
Germany (marks)	2.82	Sweden (kroner)	12.37
Greece (dracmai)	445.19	Switzerland (francs)	2.30
Hong Kong (\$)	12.58	Turkey (lira)	294.533
Ireland (punts)	1.09	USA (\$)	1.63

Source: Thomas Cook

Rates for indication purposes only

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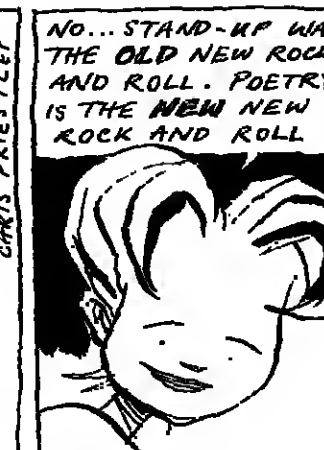
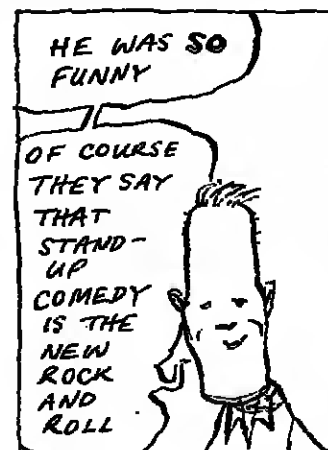
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# 3/LEADING STORIES

THE INDEPENDENT  
WEDNESDAY  
5 NOVEMBER 1997

## Drug to reverse baldness may soon get British licence

It sounds like a dream come true for balding men - a drug which could be used to prevent hair loss and even stimulate regrowth. Medical agencies on both sides of the Atlantic are at present considering whether to licence finasteride to aid hair regrowth. But says Glenda Cooper, Social Affairs Correspondent, trichologists warn this is a 'step forward' rather than the answer.

found 48 per cent of men treated with Propecia (a milder form of Proscar) had increases in hair growth compared with 7 per cent of men receiving a placebo.

Excessive hair loss stopped and there was regrowth of around 100 hairs in every inch of previously balding scalp. Self-assessment by the "patients" demonstrated significant increases in hair growth.

While almost all men experience a change in their hairline at puberty, around 25 per cent suffer "hairline retreat". The condition, which is hereditary, occurs when high levels of the male hormone testosterone are converted to a derivative, dihydrotestosterone (DHT).

High levels of DHT cause hair follicles to age prematurely and shrivel. Finasteride works by blocking an enzyme, 5-alpha-reductase, which converts testosterone to DHT.

Fred Morenberg, a 62-year-old divorcee, started taking Proscar for an enlarged prostate condition three years ago. He said after eight months he noticed his hair was becoming "more robust" and now to the untrained eye it looks as if he has a full head of hair.

Mark O'Donnell, 31, told BBC's *Face Value* programme that losing his hair at the age of 22 was every man's worst nightmare. "It's no fun being 26 and looking 36," he said. Over six years, he spent £12,000 on different products. He learned about Proscar over the Internet and asked his GP to prescribe it for him. After two years, he

says he looks as if he is just beginning to lose his hair at the front as opposed to being entirely bald. "I was a nasty person when I was bald ... I was bitter and felt cheated ... They will have to take [the drug] out of my cold dead hands."

Although, reported side effects of the drug include reduced libido, impotence and lesser ejaculatory volume, Merck Sharp & Dohme claim adverse reactions are "infrequent" - with just 1.8 per cent of patients experiencing decreased libido.

A spokesman for the Institute of Trichologists said last night: "We don't really know the long term side-effects until it has been used for a long time ... I'm not sure that some things are worth taking a chance over in life."

But John Mason, chairman of the institute said the drug was "relatively free" of side-effects and added: "As far as these men are concerned, impotence or the other side-effects doesn't seem to worry them compared to their hair."

He added that the effects were usually only seen in men with early balding patterns rather than those who lost their hair later in life.

Susan Aldridge author of *Hair Loss - The Answers* said that within five years she expected to see more specific drugs on the market. "The medical profession is taking hair loss more seriously," she said. "This is a step forward but it's not the answer."

• *Face Value* is on BBC1 at 7pm tonight.



Hair tomorrow? New hope is at hand for men troubled by the 'slaphead' image personified by the television actor Gregor Fisher's portrayal of the Baldy Man  
Photograph: Daily Record

## IN THE EYE TOMORROW

## VIOLENCE WITH A HUMAN TOUCH



## ROCK The Stranglers in the Falklands PLUS:

Jazz; the Spice Girls; Lisa Stansfield; and Gyorgy Ligeti, master of magic and wit

## Royal Opera House on brink of bankruptcy

The crisis over Britain's national opera companies took yet another dramatic twist yesterday when the chairman of the Royal Opera House disclosed that it is on the brink of insolvency. David Lister, Arts News Editor, reports.

Lord Chadlington told a House of Commons select committee that present debts of £4.7m could nearly double over the next two years.

The Culture, Media and Sport Committee was discussing, among other things, the shock proposal made on Monday by the Secretary of State, Chris Smith, that Britain's two national opera companies share a home in Covent Garden; that the Royal Opera House is re-

named Covent Garden and becomes a receiving house; and that the English National Opera's present home, the London Coliseum, ceases to be a national opera house.

But Lord Chadlington's dramatic evidence cast doubt on whether the Royal Opera and Royal Ballet might even remain in operation unless emergency funding is found.

He said: "If we cannot get funds into the Opera House in

the very short term then the possibility is that the house could become insolvent. Unless we can find a solution on our own then the house will become insolvent." He said auditors had attended the last board meeting of the ROH, and the house now had to present balanced budgets to the Arts Council by next week. He added that he was talking to potential donors.

The chairman of the committee, Gerald Kaufman, asked

if this meant the house could go into receivership.

Lord Chadlington replied: "That is the conversation we are currently having. I believe there is a way through. I believe there is a small opportunity to get through it."

He said the accumulated losses were £4.7m to April 1997. Following poor ticket sales in temporary venues, estimates were a further loss of up to £3m by April 1998, and still further

losses in the 20 months up to the reopening of the house.

He added that donors had been ringing up yesterday saying they had given money to one kind of opera house and now discovered it was going to be another kind of opera house.

In his evidence, Chris Smith stressed that his proposals were merely that, not definite decisions, and that he would await the report of Sir Richard Eyre's review committee in May.

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## In Elton, you could just hear the crunch of dashed hopes

It had been an agonising wait, creeping from the moment Louise Woodward was found guilty last week until the arrival of Judge Hillier Zobel yesterday at the Boston, Massachusetts, court house. His decision not to decide on whether she should be freed yesterday did little to ease the pain. Esther Leach reports



Elton shows its support  
Photograph: Peter Macdarmid

Woodward's supporters in her home village of Elton, Cheshire, put a brave face on it, saying they had not been expecting an immediate decision.

But underfoot there was the faint crunching of dashed hopes. Earlier in the day the mood had been stoic, shot through with optimism. The women and children of Elton had chanted the 19-year-old pair's innocence.

The streets are decked with yellow ribbons tied round lamp-posts and trees. Posters declaring Woodward's innocence and demanding her release are taped to benches and doors.

Children missed school to cram into the Rigger Public House with their parents to watch the latest live broadcast of the hearing. Behind the giant screen set up by Sky Television is a support desk which is taking almost continuous telephone calls from all over

Britain's donating cash to the Woodward appeal. Anne Wallace, taking the calls, said she was overwhelmed with the words of encouragement from strangers. "I came down here just to donate some money and found myself manning the phones. There is an overwhelming feeling of commitment to the cause and an unshakeable faith in the innocence of Louise Woodward."

One campaigner, Hazel Mayamba-Kasonga, said the judge's decision today was exactly what she expected.

She added: "We can wait as long as it takes. We can go on supporting Sue and Gary Woodward for as long as it takes. We are thinking of sending some of Louise's friends over to her to keep her company. There have been offers of help - homes for Sue and Gary to stay in while they are in Boston and also in this country

when they come home and need some privacy."

The campaign has also been offered the help of a London barrister free of charge. John Cooper said he will co-ordinate all the other offers of legal help now being made.

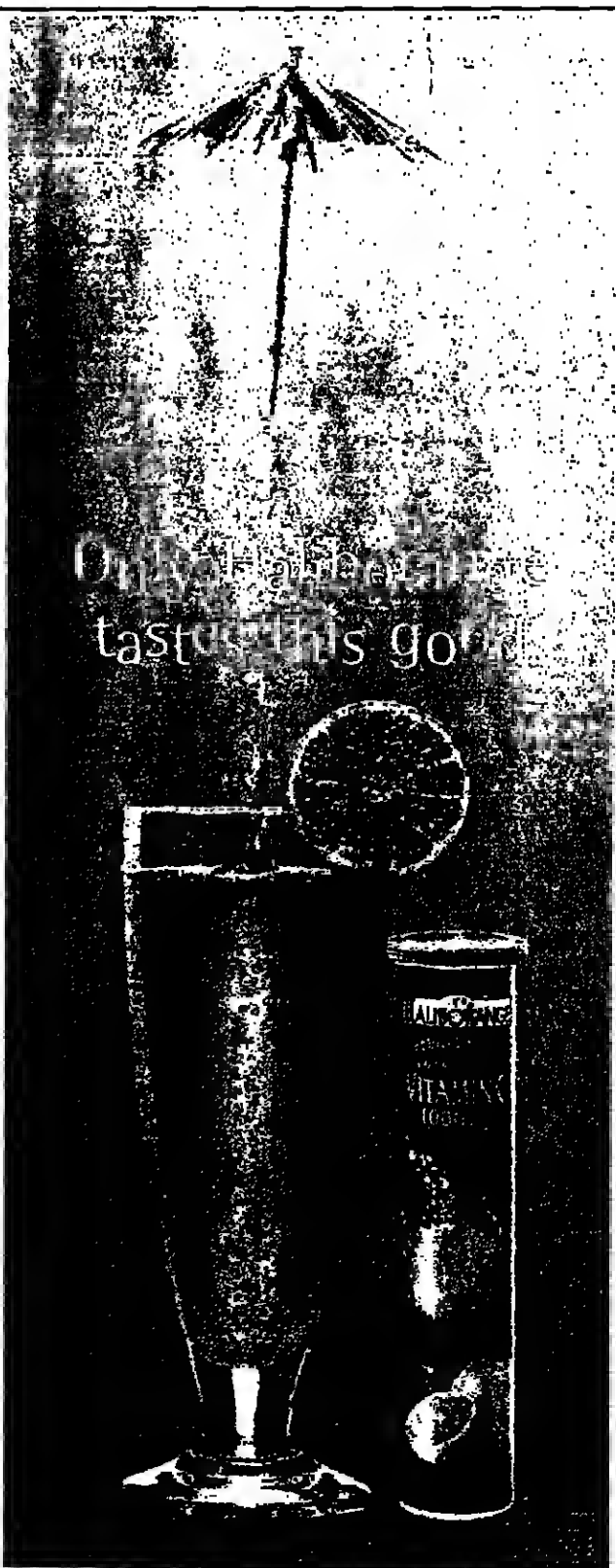
One of Woodward's friends, Kate Hagen, 19, wearing a yellow "Justice for Louise" sweater, said she was disappointed the judge would not make a decision yesterday. She added: "It's all getting a bit too much. They are playing a time game. Louise can only take so much. When I heard the news I had to get away for half an hour on my own. It's a huge disappointment to me. I don't know how Louise will be taking this but it makes us want to go on fighting and fighting."

Paul Lawton, a trucker, led the march for Louise Woodward in his 38-ton articulated lorry, decked out with yellow ribbons. He had driven back from Europe after delivering a cargo of cloth, where he had been flashed and beeped throughout his journey because of his yellow ribbons.

He's one of 15 drivers at a haulage firm in Elton who have committed themselves to the campaign.

"Jean Whyte, a supporter of the campaign, asked if I would help with putting ribbons on the trucks and all the lads helped out."

"Our main priority is to get Louise home. All the support I got on the journey gave me an eerie feeling because it was so unanimous."



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# 5/HABITS

THE INDEPENDENT  
WEDNESDAY  
5 NOVEMBER 1997

## Most drug users are happy, successful people with a taste for the good life

Most young drug users are not stereotypical sad, lonely losers, according to a new study. Jason Bennett and Benjamin Todd examine the findings of a report that suggests the Government needs to rethink its drugs policy.

Many anti-drugs campaigns and education packages are aimed at the wrong people, often falsely stereotyping young substance-abusers as friendless junkies with no ambitions.

According to a survey of more than 850

people aged between 16 and 24, and 100 in-depth interviews, drug use is commonplace and consumers tend to be independent, lead active lives, and do not lack self-esteem.

The young people trusted and respected their families in much the same way as their non-drug-taking contemporaries, disapproved of "out of control" behaviour by so-called "problem" users or addicts, and were no more fatalistic than other teenagers.

They viewed drug-taking as a vital part of everyday living and were only slightly more rebellious than other young people.

The report did find a minority of prob-

lem users, who fulfilled the stereotypical *Trainspotting* image and took a mixture of heroin and methadone with other drugs.

According to recent reports, one quarter of people aged between 16 and 22 have taken drugs in the last three months. The number of young people experimenting with drugs has been rising rapidly in the past decade.

The most popular illegal drug by far is cannabis, followed by amphetamine, LSD and ecstasy. Only a tiny number have taken heroin or cocaine.

The Joseph Rowntree Foundation-funded report, *The Substance of Youth*, which was carried out by Demos, the left-wing think-tank, concluded that there

was no single national drugs culture, but different regional trends.

Unemployed recreational drug-users in a run-down district of Manchester viewed drugs as a substitute for a social life and a means of obtaining stimulation.

Most users in Kingston, south-west London, Brighton and Leeds, viewed illicit drugs as a form of relaxation, alongside alcohol.

A student at Kingston University said: "I smoke quite a bit of gear [cannabis] - it relaxes me. It's nicer than alcohol because there's no hangover and it's a lot more relaxing."

Steve, 18, a first-year physics student, added: "I don't want to use anything ad-

dictive because if you are addicted you are not in control."

In an old mining village with high unemployment in South Yorkshire, drugs were considered an important part of the young people's social life.

"I get through the day mainly by being drugged-up," said John, 18.

There was evidence of young people dropping their habits as they reached their mid-20s, but in Brighton and Kingston, a number of older people continued. Diane, 39, a post-doctoral researcher in pharmacology, said: "I've been using heroin for 17 years... Heroin's like a sexual buzz."

Some people did confirm the stereotype drug-user. Tex, 22, in Manchester, said:

"I'm sick of pumping heroin. My friend dying [of an overdose] made me take notice. Not that I'm stupid, but I needed a kick up the arse."

Perrit 6, co-author of the report, said: "One of the things we have to avoid is a 'one size fits all' national policy."

He said the idea of an authoritarian "war" on drugs and youth culture was "hopelessly inappropriate".

Instead, young people need information about the risks, which could be provided at local level, possibly through drug action teams.

● The report is available at £13.45 from the Joseph Rowntree Foundation. Telephone 01904 629241.

## Europe may impose ban on cigarette advertising

Backed by the UK, Eurocrats are finalising a directive which would ban most advertising of cigarettes throughout the European Union. The tobacco lobby claims the Government is deaf to the likely impact of such a ban. Michael Streeter, Legal Affairs Correspondent, listens to the debate.

effects, which will both have the reverse effect to what the Government intends - less smoking among the young.

They say the ban will make companies more price-sensitive, reducing the price of cigarettes and making them more accessible for teenagers. The industry believes smuggling of cheaper European cigarettes, already a steady flow, will become a flood - again meaning cheaper cigarettes with no tax benefits to the Treasury.

"Ministers just simply don't get it," said an industry source.

"We do at least understand how the cigarette market works and what the likely effects will be." Whatever the merits of its case, its failure to get its message to the Labour Government is almost entirely the industry's fault. A source admitted: "For 18 years we had been living under a comfortable regime with the Conservatives and singularly failed to realise where the next government was coming from. There are very few points of contact now." The fact that industry representatives were not invited to July's tobacco summit merely underlined its isolation.

Belatedly, some companies are trying to bring in new personnel who have closer links or understanding of how Labour works. One of their efforts is to highlight perceived differences between health ministers and Treasury ministers over the loss of potential tobacco revenue; they believe Gordon Brown is becoming concerned at public-spending implications.

They are also targeting the effects on jobs in places such as Bristol, Northern Ireland and the North-east and the potential sporting public backlash if Britain lost its Formula One grand prix, as motor-racing officials are believed to have warned Tony Blair. However, the industry's arguments are still falling to impress ministers.

"Our main concern is public health," said a spokesman for the Department of Health. "In every country where advertising has been banned, consumption has gone down."

Advertising of cigarettes in Britain is under a twin threat. One is from the planned government White Paper and Bill, the other from a proposed EU directive. If approved by health ministers next month, the directive could ban not just newspaper and magazine adverts but tobacco sponsorship of sports and so-called below-the-line marketing - special offers to cigarette buyers.

The meeting of officials in Brussels yesterday to hammer out the EU directive takes on greater importance because, for the first time, Britain is supporting the measure. Although some countries - notably Germany, which is worried about losing Formula One motor racing, which relies on tobacco sponsorship - are less keen, a directive seems likely.

This has infuriated the tobacco lobby in Britain, which says the directive simply bypasses consultation and parliamentary scrutiny. The Tobacco Manufacturers Association has just sent its submissions on the White Paper - delayed until the New Year - and fears ministers, particularly the public health minister Tessa Jowell, will fail to understand its case.

Some of the TMA's main arguments are well-known: that their industry is worth £10bn a year in tax to the Treasury, that 10,000 UK jobs depend on it, and that it helps the balance of payments by £600m.

But it also points out that a ban on advertising will have two



Out of puff: The brand images of cigarettes portrayed through powerful advertising could soon be a thing of the past

## Costs row could scupper action against tobacco firms

The tobacco industry is being accused of using its financial muscle to stop legal action by cancer victims in the United Kingdom.

If it succeeds, writes Michael Streeter, it will affect not just the current case, but the whole future of the much-vaunted no-win, no-fee procedure.

The fate of a long-running and high-profile case against Britain's two largest tobacco firms depends not on the evidence of the 43 plaintiffs and their debilitating conditions, but on a procedural technicality.

Judges in the Court of Appeal will be asked to rule on issues which could scupper the case before a single shred of medical evidence is heard.

The simple question, being posed by the tobacco firms Imperial and Gallaher is: should they win, who will pay their costs which could reach £20m?

The plaintiffs have been refused legal aid and the solicitors Leigh Day are taking the

case on a conditional, no-win, no-fee basis.

Clearly the individual lung cancer victims cannot afford such a bill - and lawyers for the tobacco firms are seeking details of just who will be liable, and whether Leigh Day is in effect funding the case itself. They could then claim that the plaintiffs' lawyers are equally liable for any costs.

All parties to the case are now bound by a gagging order, though before it was made the senior partner, Martin Day, said his firm could not go ahead with the case if it was forced to bear the costs.

In the circumstances it

would be very unlikely for any other legal firm to pick up the case. However, the implications go wider than just the tobacco case. If the Court of Appeal rules that Leigh Day is responsible for any costs, it will undermine the Government's attempts to substitute legal aid cases with more conditional fee arrangements.

Ian Walker, vice-president of the Association of Personal Injury Lawyers, said the whole future of conditional fee arrangements (CFAs) were at stake. "If there is any suggestion that the plaintiff's solicitors can be personally liable for the defendants' costs it throws the

whole structure of CFAs out of the window," he said.

Peter McDonnell, a Dublin solicitor who is bringing similar action against four cigarette companies in Ireland, is not surprised by the tobacco industry's tactics in London. "They hope that the costs will blow the case out of the water. That is their tactics, they have multi-millions of pounds."

Mr McDonnell, who is bringing action against Gallaher (Dublin) Ltd among others, said the industry was trying to "bankrupt" him, but unlike the British case, he was hoping for government money to fund the action.

Clive Bates, director of ASH, the anti-tobacco organisation, agreed that the issue of costs was a serious attempt by the industry to delay or even stop the legal action.

"They are trying to delay the time when evidence about lung cancer is heard. That's when their investors get nervous."

However, he believes that the case will eventually come to court on the main issues - some time in 1999: "I cannot see that procedural issues will be allowed to stop this."

A spokesman for Gallaher said that the company was bound by the gagging order and could not comment.

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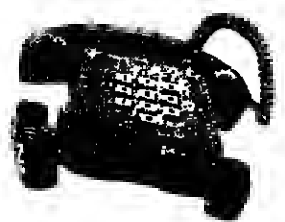
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## Hackney challenges hit squad

Councillors in the north London borough of Hackney meet today to consider a report which urges them to defy the Government over proposals from its school-improvement hit squad.

As the council moved towards confrontation with the Government, Richard Painter, the council's chairman, warned that he would call on ministers to intervene unless councillors agreed to its plans by next Thursday.

Tony Elliston, the council's chief executive, who wrote the report, said the team's plans would "do absolutely nothing whatsoever to raise standards in Hackney schools".

Gerry Ross, the leader of the Hackney New Labour group, which has split from the Labour Party, called Mr Painter a "two-penny-halfpenny dictator".

Ministers are believed to be working on ways of bringing the council into line if the rebellion goes ahead. The Secretary of State for Education has powers under the 1944 Education Act to issue directions to a local authority.

An education Bill to be published later this month will give the Government power to take over failing local education authorities but it will not be law until next spring.

The row exploded when Mr Elliston accused the improvement team of recreating an expensive, old-style management structure that had failed in the past.

Last week, the team said the structure proposed by the council was "too trendy" and that it must appoint a director of education: the post has been unfilled for nearly two years.

The team was invited into the borough in September after inspectors said that the education service was in disarray.

Mr Elliston told BBC Radio 4's *Today* programme that the team's plans were "a totally unreconstructed piece of fifth-rate management opportunism". He added that the Government had no legal powers to stop the council rejecting the team's recommendations. A decision about whether to confront the Government will be taken at a full meeting of the council next week. No political party is in overall control. Official Labour Party councillors, the only group so far not to back the hit squad, are in a minority.

— Judith Judd, Education Editor

## Paedophile defies tribunal's bid to make him testify

John Allen, a convicted child abuser who owned the Bryn Alyn Home in North Wales, at the centre of a tribunal into alleged abuse, has threatened to refuse to give evidence.

Roger Dobson reports on a paedophile's fight from behind bars to keep his name out of the public spotlight.

Allen, described as a central figure in the tribunal investigation into alleged abuse of children in care, has been subpoenaed to appear before the tribunal in North Wales, despite attempts by his lawyers this week to get the subpoena lifted.

A letter from his lawyers to the tribunal says: "Mr Allen recognises the tribunal has the power to issue a subpoena and to compel his evidence. He in-

structs us to advise in such circumstances he would, if brought to the tribunal, refuse to give evidence."

But lawyers for the tribunal have warned that if Allen, who was sentenced two years ago to six years for indecent assaults of boys in his care, and who is at present in Leeds Prison, refuses to answer all questions, he might face a contempt action.

Applying for the subpoena to be set aside, Allen's lawyer, John Lever, told the tribunal chairman, Sir Ronald Waterhouse, "He has made it perfectly clear he does not wish to give evidence, he does not wish the publicity that would be attendant upon it, so one really looks at what is to be gained."

He added: "It does seem... that Mr Allen is being required simply because the public perception is 'This is the man in charge who has been convicted, let's have some information out of him, and let's put it in the newspapers.'"

"If, as a matter of law, he has

the right to remain silent so that he does not incriminate himself, then to go through the procedure of issuing a subpoena, bring him before the tribunal, for him to remain silent, is just a time-wasting and costly exercise."

But Gerard Elias QC, counsel for the tribunal, said: "If a witness chooses not to answer a question which plainly cannot incriminate him, then the tribunal has certain powers and we may be submitting that the tribunal should exercise those powers."

He added: "It is plain that he has relative evidence to give. We would submit that he is entitled to be questioned in just the same way as other alleged abusers and indeed convicted abusers who have been brought to this court and have been questioned."

"He was the owner of Bryn Alyn. There were scores - and are scores - of complaints from this home over the period of his ownership."



High note: The Dutch pianist Maarten Van Veen plays a Steinway decorated by Sir Lawrence Alma-Tadema, which could fetch £800,000 at Christie's on Friday. Photograph: Rui Xavier

## Ex-clerk wins RSI payout

A former bank clerk who will never work again because of Repetitive Strain Injury (RSI) has been awarded £155,000 compensation.

Michelle Mulligan, 43, began suffering from the upper limb disorder after her workload quadrupled when a new manager arrived in her department at the Midland Bank in Gillingham, Kent, five years ago. Despite complaining of pains to her wrists and shoulders, she said she was told to work through her lunch hour and start work earlier.

Mrs Mulligan retired on medical grounds two years ago and now has to pay for help with cooking and washing. The judgment for compensation at a London county court was originally for £175,000 but after an appeal last week by the bank, Mrs Mulligan has accepted £155,000.

## Laser attack

A bus driver was badly injured when a ray from a laser pen was shone into his eyes as he drove a vehicle full of passengers. The victim was taken to hospital with a serious eye injury following the incident in Walsall, West Midlands.

Phil Bateman, a spokesman for the bus company, Travel West Midlands, yesterday called for a ban on the sale of the pens to children. "The consequences of this incident could have been absolutely horrendous," he said. A youth has been given police bail in connection with the incident.

## Cell mate

The family of Lucille McLachlan, the British nurse sentenced to 500 lashes and eight years jail in Saudi Arabia for her part in the murder of an Australian colleague, plan to mark her 32nd birthday today with a message broadcast on the BBC World Service, which she listens to in the Saudi jail where she is held.

## Car search in Diana inquiry

French police plan to interview 40,000 owners of Fiat Unos in an attempt to identify a second car possibly involved in the accident which killed Diana, Princess of Wales, in Paris two months ago.

The car owners, starting with those in the Paris area, will be invited to come to a police station to account for their movements on 31 August, the night the Mercedes carrying Diana's party crashed in a tunnel beneath the Place de l'Alma in central Paris.

A streak of white paint on the left wing of the Mercedes has been identified as coming from a Fiat Uno or one of two other vehicles. Pieces of yellow plastic found near the crash scene have been identified as coming from the rear indicator of a Uno. Forensic experts have

narrowed the identity of the possible second car to 40,000 Unos sold in France between 1983 and 1987.

Investigators refuse to say a second car was definitely involved in the accident. But the amount of police time and energy being invested in the search for a Uno suggests this theory is now regarded as, at the very least, extremely plausible.

Investigators believe the Mercedes, travelling at 90-100mph to escape press photographers, may have struck the Fiat a glancing blow just before entering the underpass. It remains unclear what happened to the hypothetical Fiat after the accident. The driver, if identified, would face criminal charges for leaving the scene of a crash and failing to assist lives in danger.

— John Lichfield, Paris

## Vitamin care centre may be re-opened

Families of children formerly treated in the vitamin B12 unit at the Chelsea and Westminster Hospital, London, have been told they have two weeks to make new representations in a bid to get the centre re-opened.

The hospital has decided to review the evidence rather than run the risk of legal action which could have cost it up to £100,000.

The vitamin B12 unit, the only one in Britain, was run by Dr Ray Bhatt with charitable funding for 13 years until December 1995 when money ran out. The hospital was asked to continue the work, which linked autism and other neuro-developmental disorders to a treatable vitamin B12 deficiency. The hospital questioned its value, saying Dr Bhatt had failed to submit it to proper scientific review.

— Louise Jury

## Channel 4 news revamp

ITN's grip on Britain's commercial news broadcasts was under threat yesterday when Channel 4 started a total revamp of its 7pm evening news by asking independent production companies to suggest new ideas for the programme's format.

Channel 4, which has used the *News at Ten* producer ITN since it launched 15 years ago, says the presenter Jon Snow will stay with the show, but industry pundits were last night predicting a revolutionary new type of TV news.

Independent producers are expected to join forces to create a "stringer" network of regional journalists and news services, similar to those used by national newspapers.

Observers expect big independent producers such as Clark Television, which pro-

duces *Dispatches* for Channel 4, Mentorn Barracough Carey and Broadcast Communications to chase the contract. Also likely to bid for the programme is BSkyB, which tried unsuccessfully to wrest ITN's news contract from ITN last year. Another candidate could be the international news service Reuters.

Channel 4's review of its news comes as the BBC nears the end of a six-month review of its own news programmes.

Channel 5, which has received plaudits for its innovative evening news show, announced yesterday that it is moving its news from 8.30pm to 7pm to get a bigger audience and is launching a lunchtime news programme.

— Paul McCann, Media Correspondent

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# 7/ENVIRONMENT NEWS

THE INDEPENDENT  
WEDNESDAY  
5 NOVEMBER 1997

## Death sentence hangs over MP's anti-foxhunt Bill

Packs of hunting dogs could be seized by the courts under the Bill to ban fox-hunting which was published yesterday.

Colin Brown, Chief Political Correspondent, speaks to the sponsor of the anti-foxhunting Bill about the death threats he has received, and the threat to kill the Bill by his own government.



Countryside ramble: Tony Holdsworth, a huntsman, takes his hounds out walking on the hills near Tiverton in Devon yesterday, when the Bill to ban foxhunting was published. Photograph: Richard Austin

Mike Foster, the Labour MP for Worcester, yesterday said that he had been warned by the police to take his wife and three children out of their home for their own safety during a protest march in the city against his Bill to ban foxhunting.

"The National Front had promised to be involved in a protest march and the police advised my family to move out of the house. Clearly those circumstances are extremely difficult. It is not easy when you are in London doing your job knowing your family's life is being disrupted," he said.

The Wild Mammals (Hunting with Dogs) Bill, published yesterday, has raised the threat of violence from extremists on both sides. Mr Foster urged the "sabbers" not to carry out their threats of violence, if the Bill is killed in Parliament.

The MP has denied a charge of personal hypocrisy because he goes fishing. Yesterday he defended the Government for failing to provide time for the Bill to reach the statute book, in spite of promising a free vote on banning foxhunting in its election manifesto.

Tony Blair said on 9 July in the Commons that he supported the Bill, but Mr Foster said he had no assurance from the Prime Minister that he would be in the Commons for the second reading on 28 November.

"I don't know what the Prime Minister's diary commitments are. It would be unfair to expect every MP to turn up on that Friday," said Mr Foster.

He reckons that he has the support of 90 per cent of 418 Labour MPs. Liberal Democrats and some Tory MPs, including Roger Gale, chairman of the all-party animal welfare group, who turned out yesterday to support it.

That would be enough to give his Bill a massive majority in the Commons but it is likely to be "talked out" in the Lords. Downing Street has hinted that it could be picked up again in the next session in 1998-99, but Mr Foster says it was made clear at the outset that the Government could not give it time to get through in this session.

The lawyers are given plenty of scope for earning high fees in defending huntsmen and women from criminal charges if the Bill becomes law.

The Bill covers hare coursing but not hunting rabbits with dogs; it allows farmers to flush out foxes with dogs providing the foxes are shot lawfully, and not chased by the hunt; and it allows draghunts in which the packs follow a laid scent.

But it would not be an offence under the Bill if a dog from a draghunt "inadvertently" chases, attacks, injures or kills a wild animal, "providing that the draghunt is registered with a body whose objects and rules expressly forbid its members from using dogs for any purpose other than a draghunt".

The Bill carries sweeping powers which are certain to be tested to the limit in the Commons and the Lords. It would

make it a criminal offence for anyone to hunt any wild animal with dogs, punishable by a £5,000 fine, or six months' imprisonment. Farmers allowing their land to be used for hunting with dogs would also be

guilty of a similar offence. Courts could order the forfeiture of any vehicle, animal, or article used in hunting, and disqualify the offender for any period from owning a dog.

The courts could also order

the disposal of the dog "as the court thinks fit under the circumstances". The campaign behind the Bill, including the RSPCA, said it could include destroying the dogs, but they would normally be found a

home by the RSPCA, or retrained.

The police would be given wide powers of search and arrest, including the right to go on to private property and to search vehicles if they suspect-

ed an offence was being committed, although they would not be able to search private houses without a warrant.

A spokesman for the pro-hunting Countryside Alliance attacked the Bill as "unwork-

able". The alliance's spokeswoman, Janet George, said: "Mike Foster's Bill is Draconian and unworkable and for anybody who owns a dog it makes it into an offence if the dog hunts anything."

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## UK firms lured with £10m to wheel out car of the future

British industry was yesterday challenged to invent the car of the future, with up to £10m of taxpayers' money to help them.

Even though there may be no UK-owned mass-production car makers any more, both the Government and the motor industry believe Britain has everything to play for in developing and commercialising technologies needed to cope with the crises of pollution and congestion spreading around the globe.

UK firms still play leading roles in designing cars and making components, and as many cars are being made in Britain as ever before.

The Foresight Vehicle Project links the Government, industry, universities and other research laboratories in attempting to develop the technologies which will squeeze more traffic on to the roads while keeping it flowing, reduce harmful emissions and help drivers to navigate, avoid jams and motor more safely.

Within a couple of decades, the project's launch conference in Birmingham heard yesterday, driving will be transformed by the application of advanced electronics. Vehicles will be in constant communication with each other and with computer systems linked to roadside beacons, but the motorist will be blissfully unaware of this continual digital chattering for most of the time. Electronics will be involved in tolling, enforcing speed limits and permitting vehicles to travel safely at speed on crowded motorways.

When drivers need to interact with these systems, to

demand information or entertainment, they will use spoken commands.

Reliable software for speech recognition is expected to be commonplace.

Cars will be very much lighter, requiring less energy to move. And while there will probably be fewer volume manufacturers and fewer basic types of vehicle, or "platforms", they will appear to be more varied.

This is because there will be "mass customisation," with customers given a much wider choice of components and trims such as headlights, wheels and interior furnishing.

As for propulsion, the cars of the future are expected to be hybrids with both electric motors and an ultra-clean internal-combustion engine to generate electricity for the motors and battery storage. Alternatively, drivers will fill up with compressed hydrogen, which will be used to generate power for electric motors in a fuel cell.

This, the conference heard, is the received wisdom on what cars will be like circa 2020.

Firms based in Britain, particularly small and medium-sized ones, are being invited to join with partners, competitors and academics in devising research and development projects to produce the necessary technologies.

Up to half the funding will come from the Department of Trade and Industry. The plan is for devices to be ready for demonstration by about 2005, so that they can go into mass production by 2020.

— Nicholas Schoon, Environment Correspondent



## French candidate for European bank

France said yesterday it would present the Bank of France governor, Jean-Claude Trichet, as its candidate to run the future European Central Bank (ECB).

The nomination, announced in a joint statement by President Jacques Chirac and Prime Minister Lionel Jospin, sets Mr Trichet against Dutchman Wim Duisenberg, the current favourite and head of the ECB's forerunner, the European Monetary Institute (EMI).

"The role of the future European Central Bank in ensuring the credibility and success of the single currency will be crucial and the choice of the team leading the European Central Bank will be decisive in ensuring that the euro is launched in the best conditions possible," the statement said.

Mr Chirac forwarded France's nomination to Luxembourg Prime Minister Jean-Claude Juncker, whose country currently holds the European Union presidency. The French announcement was immediately blasted by the Dutch central bank, which Mr Duisenberg headed before moving to the EMI this year.

"We are surprised by this nomination of Mr Trichet and we also think that it's not very wise," said a Dutch central bank spokesman. "We are of the opinion that Mr Duisenberg is supported by a very large majority of the member states of the European Union and that also, given his reputation, he will in our view still be the first president of the ECB."

The German central bank president, Hans Tietmeyer, has said he favours Mr Duisenberg as head of the ECB.



A member of Afghanistan's Islamic fundamentalist Taliban militia giving a forcible haircut yesterday to a traveller he had just dragged from a bus. The reason? Hair covering the forehead is a nest for Satan, say Taliban members. Photograph: AFP

## Chirac heading for UK summit with a difference

Tony Blair's desire to project the brash new Britain knows no bounds — as Jacques Chirac will discover on Friday. This week's Franco-British summit will not be held at fuddy-duddy old Downing Street, or that heritage theme-park of Chequers. No, it's the booming Docklands for the French president, the 38th floor of the 800-ft Canary Wharf tower, no less.

Weather permitting, Mr Chirac will feast his eyes on the matchless beauties of Jubilee Line work, the emerging Millennium Dome, and other features of Britain's biggest building-site. They beat blockade lines of juggernauts any day. Rupert Cornwell

## US slaps embargo on Sudan

Citing Sudan's support for terrorism, the United States is imposing economic sanctions that include a ban on bank loans and seizure of Sudanese assets in the US. President Bill Clinton signed an order also barring shipment of American technology to Sudan and import of its goods.

The Secretary of State, Madeleine Albright, said it "failed to respond to repeated expressions of concern or to the imposition of lesser sanctions." AP — Washington

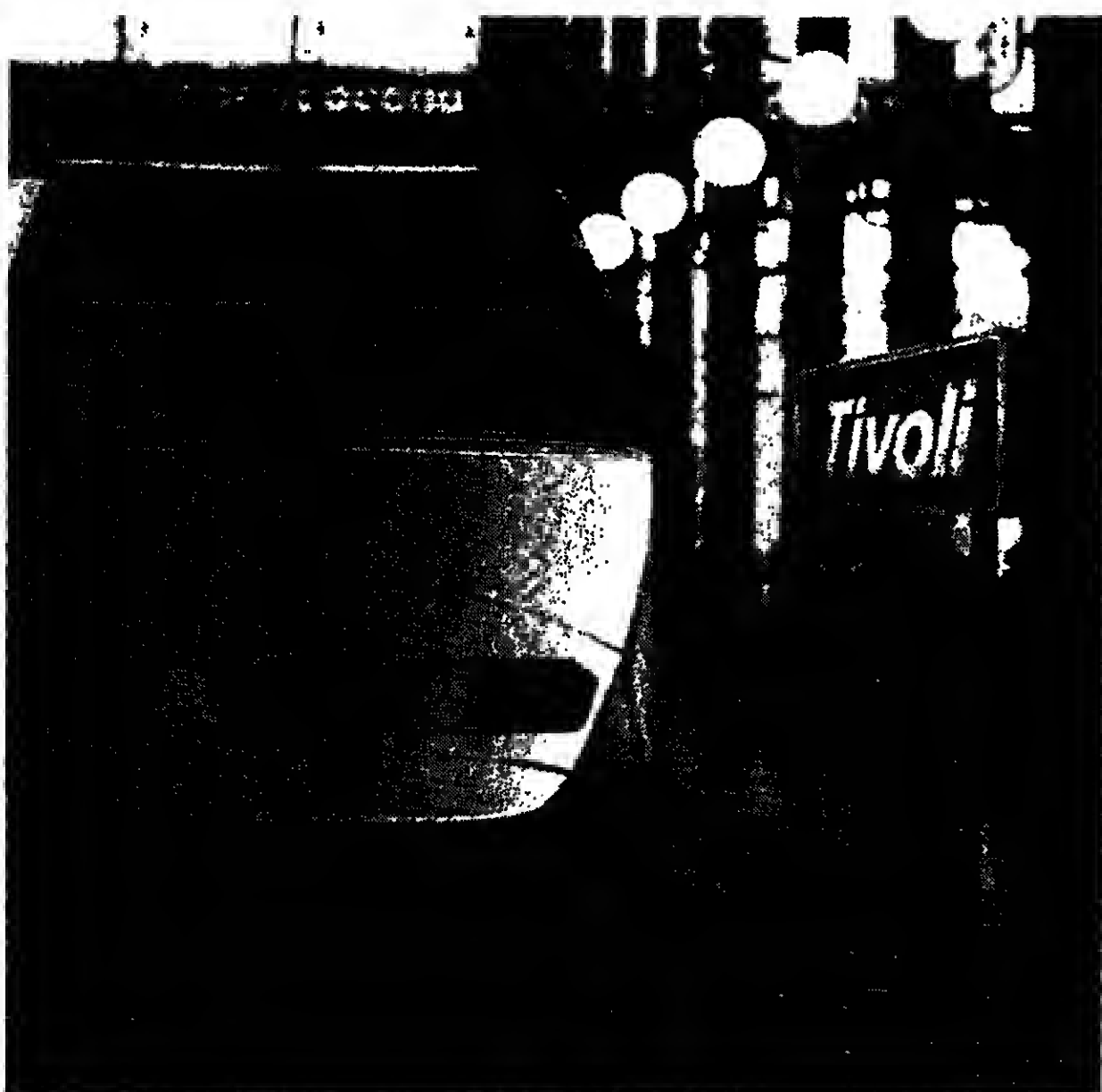
## Radio wins ownership battle

Croatia's independent Radio 101 woo a battle with the authorities over its ownership, obtaining a five-year broadcasting licence for the city of Zagreb. "Our 14-year-old dream has finally come true... We managed to keep the radio in our own hands," the chief editor, Zrinka Vrabec, said. Reuters — Zagreb

## Battered island evacuated

The Cook Islands will evacuate some 600 people from Manihiki island, where a cyclone killed five people and left 18 missing when waves tossed them into the lagoon. Cyclone Martin destroyed crops and homes on low-lying atolls in the Pacific nation and damaging its pearling industry. AP — Sydney

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## US puts military action against Iraq on hold

As Baghdad's unilateral deadline neared for US inspectors to leave Iraq, the United States and the United Nations were engaged in intense diplomatic efforts to defuse a potentially inflammatory situation. An imminent US military strike, however, seemed not to be on the cards, as Mary Dejevsky reports.

Washington yesterday appeared intent on working through the UN, at least until all possibility of a solution to the weapons inspection in Iraq had been exhausted. While stressing the firmness of the US position, administration officials made clear that any threat of military action was on hold until the special UN mission to Iraq reported back, probably on Monday.

The mission, comprising Lakhdar Brahimi, a former Algerian foreign minister, Emilio Jorge Cardenas, a former Argentine ambassador to the UN, and Jan Eliasson, Sweden's state secretary for foreign affairs, was expected to arrive in Baghdad today. Although the Iraqi leader, Saddam Hussein, has agreed to receive the delegation, it was not known whether he would

agree to suspend today's deadline for the departure of Americans working for the UN and the threat against UN reconnaissance planes that was contained in a letter to the UN Security Council at the weekend.

UN officials would not say whether the lifting of the threats was a condition for the three-member mission to proceed, nor speculate about what would happen if Saddam Hussein declined.

Iraqi officials yesterday turned back three UN weapons teams incorporating US citizens when they arrived at inspection sites, but Baghdad made no move to act on its threat to shoot down UN reconnaissance planes. Flights by US-leased U2 spy planes proceeded yesterday as planned.

According to one view, the threat against the U2s was intended by Iraq to back up its call for US UN-employees to leave, and so would not come into effect until today.

In Washington, officials stressed that the special UN mission was not going to Baghdad to negotiate, but to impress upon Saddam Hussein the need to comply with UN resolutions. But observers also noted that Washington was concerned to preserve the unity of the Security Council, and did not want to reopen the split that had precipitated Saddam Hussein's move.

US attempts two weeks ago to tough-

en UN sanctions against Iraq for non-compliance with weapons inspections had been opposed by four Security Council members, including France and Russia, and were described this week by several officials as a "tactical error". A similar division would be opened up if the US launched a military strike — even though Washington believes that in principle it, and the UN, have the authority to punish Iraq for violating existing UN resolutions without seeking new instructions from the Security Council.

UN officials in New York said the mission had to make clear to Iraq that it was unacceptable for any country to pick and choose the nationality of UN delegates or inspectors. They also noted that it was not only — or mainly — American participation in UN teams that had been challenged, but the authority of the UN itself and its Secretary General, Kofi Annan. This was why the Security Council had approved the emergency mission to Baghdad.

Jordanians voted yesterday in parliamentary elections which have been boycotted by the Muslim Brotherhood and other opposition parties. The parties say parliament has been weakened by successive governments appointed by King Hussein and that yesterday's vote was rigged. The vote is strongly biased towards tribal areas and away from the cities.

## Balkan foes opt for jaw, not war

Balkan leaders wrapped up an unprecedented regional summit yesterday, pledging to replace confrontation with co-operation. Rupert Cornwell assesses the outcome.

More important perhaps than the paucity of concrete results from the meeting was the fact it took place at all. For two days at least, Greece, Turkey, Yugoslavia, Albania, Romania, Bulgaria and Macedonia, even Bosnia, put aside bitter enmities and promised to work together to advance the cause of stability and shared prosperity.

The closing declaration reads like an international diplomatic wish-list, with calls for respect of territorial integrity, rights of minorities, and for quarrels to be settled by non-violent means — principles mostly honoured in the breach during centuries of war and civil conflicts across the region. It also urges joint moves to fight crime and improve communication and transport links.

Summing up the outcome of proceedings, the Greek Prime Minister, Costas Karamanlis, acknowledged the difficulties: "Our countries still have problems, some small, some large," he said. "But in time, we hope, we'll come together."

So much was evident as well from the two most closely

watched bilateral meetings on the sidelines of the summit in Iraklion, Crete — between Mr Simitsis and his Turkish opposite number, Mesut Yilmaz, and between President Slobodan Milosevic of Yugoslavia and the Albanian Prime Minister, Fatos Nano.

Though both sets of talks seem to have been relatively friendly and constructive, neither produced specific recommendations to ease the age-old hostility of Greece and Turkey, currently focused on Cyprus, or defuse the grievances of the ethnic Albanian majority in Kosovo against Belgrade's oppressive rule of the province.

Not could the summiteers agree on how and where to set up a mooted Organisation of

Balkan States along the lines of regional groupings in the Americas, Africa, and South-East Asia. Cost was one hurdle — another was the rivalry between Greece and Turkey to play host to the body.

An even starker reminder of reality was provided by the Turkish military exercises yesterday in Turkish northern Cyprus. Ignoring pleas by the US to postpone them until after the Simitsis-Yilmaz meeting, Ankara insisted the manoeuvres were essential to counter a military build-up in the Greek south of the divided island.

"They wait the military power to seize the whole of Cyprus," Turkish officials said, "but Turkey has the power to confront every kind of threat."

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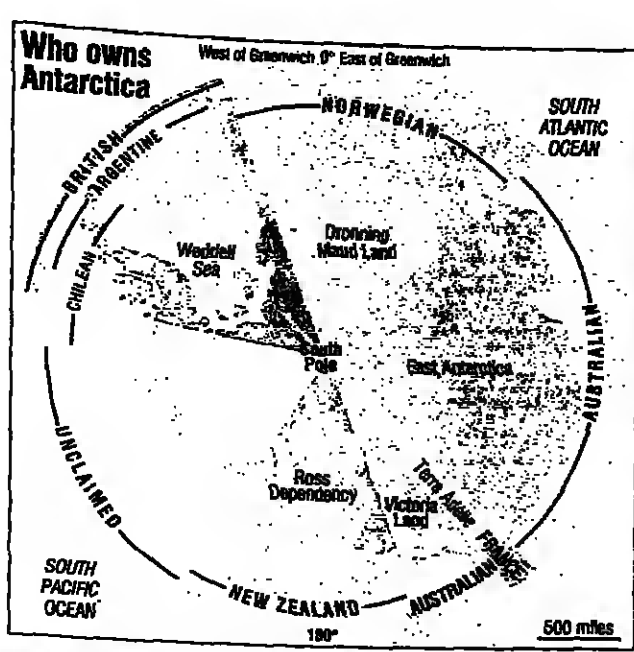
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# 9/TOURISM

THE INDEPENDENT  
WEDNESDAY  
5, NOVEMBER 1997

## Travel industry seeks to open up last great wilderness



Antarctica, the world's last unexplored continent, may also be about to become its next frontier for tourism. Environmentalists fear for its delicate ecosystem. Our correspondent in Sydney assesses the risks.

In the biggest reassessment of its operations in Antarctica since the end of the Cold War, Australia has proposed closing two of its three research bases on the continent and turning them into summer bases for adventure tourists.

BY ROBERT MILLIKEN

Britain, New Zealand and Russia already allow tourists to visit Antarctica, but only by ship. There are occasional tourist flights over the continent from Australia and New Zealand, but up to now no tourists have been allowed to camp there be-

cause of fears for the security of penguin rookeries and other features of Antarctica's delicate ecosystem.

Now, Australia's Antarctic science advisory committee, a government body, has recommended that Australia should consolidate the scientific research done at its Casey and Mawson bases at the third base, Davis, and set up a regular air link between Australia and the Davis base, leaving the other two to other countries or allowing tourists to go there on strictly controlled expeditions.

Australia is one of seven countries with territorial claims to Antarctica, with Argentina, Britain, Chile, France, New Zealand and Norway.

The Australian claim covers about 43 per cent of the continent, almost as much as Australia itself. Its operations in Antarctica reflect the Cold War era, when countries that signed the Antarctic Treaty in 1959 were keen to protect their patches from encroachment by others.

But this has been an expensive business. Australia's three bases are about 1,000km apart from each other, each with its own transport system and infrastructure. These logistics consume two-thirds of Canberra's Antarctic budget of about

A\$60m (£26m) a year, leaving only one-third for the bases' real purpose: research on world climate change, sea life, glaciers, space physics and human impact on Antarctica itself over the 100 years since a British expedition from Australia was the first to spend a winter on the continent in 1898-99.

The committee's report, *Australia's Antarctic Programme Beyond 2000*, argues that the Cold War mentality should give way to a more co-operative approach, which, with Australia sharing logistics and supply lines with neighbouring Antarctic countries, would leave more money for research. The Australian government is likely to accept the recommendations.

The report's recommendation on increasing access for tourism is likely to be controversial, especially with Greenpeace and other environmental groups. It sits oddly with Australia's attitude eight years ago, when it opposed, on environmental grounds, an international convention allowing Antarctica to be opened up to minerals exploration for the first time.

Mining was forbidden under the 1959 Antarctic Treaty, which also banned military operations on the continent. Australian officials are stressing that the proposal is a response to growing demand among tourist operators to visit Antarctica, and the need to meet such pressure with strict environmental controls.

Greenpeace opposes Britain and the United States landing aircraft in Antarctica, and would raise an outcry if Australia proposed adding an airstrip of its own.

The continent remains one of the world's last wonders for scientists and visitors alike. Its ice, in which fossils of apes resembling humans have been found, comprises more than two-thirds of the world's fresh water. Layers of its unmelted snow date back 1 million years. Its glaciers are populated by seals and penguins. Underneath all this are thought to lie potential riches in the form of iron ore, coal, uranium and oil which could be the flashpoint for environmental battles in years to come.

In the freezer: Australia wants to close two of its three research bases and turn them into centres for adventure tourists

Photograph: Roger Grace/Environmental Images



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## Designer denims give Levi's a kick in the pants



Putting the boot in: New designer brands like G-star are winning over younger consumers. But retailers and importers still believe that the Levi's brand has a good future, and will prove more resistant than most to changing fashions

Levi Strauss & Co ships a million pairs of blue jeans a day. But the 50-year-old firm that prides itself as an American icon has laid off one third of its US workforce – the human casualties of “designer jeans” and cheap imitations, as Tim Cornwell discovers.

It was, said a Levi Strauss spokesman, in a phrase he used repeatedly, part of the “ebb and flow” for one of America’s oldest companies. But this particular ebb is probably deeper than most in the company’s illustrious history.

Levi’s was founded in San Francisco to supply working clothes to the 49ers (the miners of the California gold-rush in 1849) and its staged retreat in the US market came after a decade of record growth. But it was hard not to read its decision this week to close 11 US plants as a result of deeper cultural changes in a nation that now sips

lesson about the modern American employment market. A family-run company that prided itself on “aspirational behaviour” and political correctness – attempting to re-educate Czech employees on attitudes to gypsies, for example – it publicly refused to exploit cheap labour in Mexico or Asia. Its US employees had, on average, 10 years service with the company.

In the Great Depression, the company boasted, it kept workers busy laying floors in its San Francisco plant while it waited for demand to recover. But Levi’s has now belatedly joined the great wave of corporate restructurings from the 1980s, letting 6,400 people go because, it said, there was nothing for them to do. For the first time, Levi’s will have more employees overseas than at home.

“Wealthy and magnanimous, Levi Strauss allowed its employees to forget one of the great economic lessons of our age: that job security is dead and gone,” the business magazine *Fortune* observed, after a first round of lay-offs earlier this year. “This is a company that needed a kick in the pants and got one.”

### LOSING THE BRAND WAR

The day Tesco began selling Levi’s 501s at knock-down prices was the day the death knell sounded for lovers of the famous button-fly jeans with the little red tag.

In the Eighties, Levi’s 501s were the epitome of style. They had to be worn ripped to shreds, worn tight over the rear and teamed with a sturdy pair of Dr Marten boots. Everyone wore them, from pop stars and models to the man on the street. Even now, as we approach the end of the Nineties, Levi’s still have the biggest market share as they push their Capital “E” vintage dark denim jeans, and have sold about 2.5 billion pairs since 1953, but discerning denim consumers have moved on.

This move away from Levi’s is noticeable on the street. At Camden market in London traders used to rely solely on their sales of second-hand, vintage and new Levi’s, but customers are more interested in other brands such as Big Blue, Lois, Wrangler and Lee when it comes to buying jeans. Others traders have found military combat trousers more appealing to customers.

At Rokit, a Camden-based company that built its reputation on Levi’s, retail sales of 501s have dropped by 30 per cent in the last year, and wholesale sales of the jeans, which were sold by the ton, have ceased altogether. This is not to say that Levi’s are going down altogether. Adam Cooper, from American Classics, believes that it will never be over for Levi’s. “As long as Levi’s have got the Capital ‘E’ 501 jeans they will stay the best, it’s the jeans everyone aspires to,” he says.

The change that has taken place in the denim market has more to do with youth trends and new designer brands than really bad news for the company. According to market researchers Mintel, the 45-54 age group will be the biggest growth area for jeans in the next four years, and it is unlikely that jeans by Helmut Lang, Dolce e Gabbana, John Rocha, or indeed new cult brand G-Star will attract them. It will, of course be Levi’s. — Melanie Riskey

gourmet coffee and proposes to ban the Marlboro Man.

In the West, the spiritual home of jeans, bottoms that once bounced in the saddle are likely to remain planted firmly in office chairs, and the region now prides itself on high-tech home offices rather than ranching. Levi’s grew through the recession of the early 1990s, but this year, with the American economy flourishing, sales of its jeans actually shrank for the first time since the mid 1980s.

Americans can pick and choose high-priced jeans from fashion labels like Tommy Hilfiger or Calvin Klein. They can opt for soft fabrics, stone-washed or sand-blasted, or choose cheaper, generic brands, often sewn overseas, that are said to offer similar quality without the Levi’s label.

Levi’s closures also confirmed, for some, the cruellest

Three plants closed in El Paso, Texas. In Centerville, Tennessee, the mayor called for a crisis meeting with the state’s governor. The trauma for small-town factories, mostly in the South, was softened by one of the most generous severance packages ever seen.

Workers will get eight months’ paid notice, even if they immediately find other jobs, health care for 18 months, and \$6,000 for job training or relocation. The Levi Strauss Foundation will spend \$8m on community aid. There was, remarkably, not a whisper from the biggest textile workers’ union, UNITE. Its statement instead praised the company’s “high-road management”.

The slogan of a recent Levi’s advertising campaign, unveiled amid much fanfare earlier this year, was “They Go On”. It is now under review.

Fashion, page 17

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## The return of the Iron Lady, Antipodean style



Jenny Shipley: One MP said that 'She never raises her voice and never uses bad language, but the assault is deadly'

She would, according to a fellow MP, be a good spokesman for the Spanish Inquisition. Jenny Shipley, the woman who will become Prime Minister of New Zealand, is a formidable political operator. But, our correspondent writes from Wellington, she has already upset her coalition partners.

New Zealand's ruling National Party yesterday confirmed Jenny Shipley as its new leader and Prime Minister-designate but its junior coalition partner refused to endorse the changeover. It was a first-day obstacle the woman who has been dubbed 'the silent men-

acer of New Zealand politics" and, like Margaret Thatcher, tougher than any man in the Cabinet, took in her stride.

Having ousted seven-year Prime Minister Jim Bolger in a bloodless but faultlessly executed coup on Monday, she was happy to give Winston Peters' New Zealand First party a breathing space to consider the transition, she said.

It may be the only breathing space he gets, for if he stays in government as Deputy Prime Minister he will find Mrs Shipley very different to deal with than Mr Bolger, a former political opponent who became a late night whisky drinking friend as a Cabinet colleague.

He has already been warned by a former adviser and fellow NZ First MP, Michael Laws, who told a newspaper earlier this year: "Frankly, if I wanted somebody to bring a human face to the Spanish Inquisition, I would have chosen Jenny."

"Jenny can tell you in wonderful warm tones how she's going to garrote you and then disembowel you and throw your intestines over her left shoulder," he said. "She never raises her voice and never uses bad language, but the assault is deadly."

Mr Peters, angry that he was not consulted about the coup and worried that Mrs Shipley, much more of an economic conservative than Mr Bolger, will shift policies to the right, said today NZ First would not decide whether to support her for another week.

"New Zealand First will not become captive to any new right wing agenda," he warned. "We will remain faithful to our principles and philosophy." Mr Peters added that any move to dilute the coalition agreement he signed with Mr Bolger 11 months ago as a basis for co-operation would "carry serious implications for the coalition partnership".

If his aim was to browbeat Mrs Shipley into submission before she takes up her new job next month, there was no sign he had succeeded when she addressed Parliament later in the day.

In tones that reflected more the velvet glove than the iron fist she is capable of, she assured the nation she wanted the centre-right coalition to continue and the agreement was an "enduring document" that she was not about to try to renegotiate. (Even though she said the National Party caucus had given her authority to talk to NZ First to "work on the coalition transition arrangements".)

She even confirmed that the NZ\$5 billion extra spending on social policies that Mr Peters forced Mr Bolger to accept as

the price of his co-operation was "not negotiable".

All of which, coupled with fulsome praise for Jim Bolger as an "outstanding leader of this country" had observers wondering why the coup had occurred. It happened, in fact, because National Party supporters in big business, afraid the extra government spending would cause a Budget blow-out, felt a soft Mr Bolger had allowed NZ First, with its focus on health, welfare and education, to compromise traditional conservative National Party policies.

Further, it was said, the government had halted the free market reforms and privatisation programme that were a feature of the Nationals' first six years in office (when they governed on their own) and the economy was at a standstill.

Mrs Shipley is expected to get things moving again and economic analysts were already telling clients in their faxed newsletters today that she would push the government further to the right, kick-start reform and pursue "business-friendly" policy initiatives.

How she will do this and keep a suspicious NZ First on-side is far from clear. Especially as grassroots National Party supporters, weary of a spate of

BY DAVID BARBER

NZ First mini-scandals and mishaps this year, are looking to her to differentiate the party from its coalition partner and revive voter support in opinion polls that has reached alarmingly low levels.

Meanwhile, Mr Bolger called a press conference to reflect on the last seven years and perhaps his place in history. He likes to take credit for the country's remarkable economic recovery, but the groundwork for the sweeping reforms that brought this about was laid by a Labour government in 1984-90 which was kicked out by voters in favour of Mr Bolger for its pains.

He takes pride in his government's efforts to settle a century and a half of Maori grievances over confiscated land and other lost rights.

But he will probably be remembered most as the man who managed the transition from the Westminster style of first-past-the-post voting to proportional representation last year - the system that produced the coalition government and, ironically, ultimately his downfall.

## How NZ became a political testbed

Ever since the mid-1980s when a Labour government under David Lange initiated an extraordinary decade of change in the country's politics, economy and administration, New Zealand has been a sort of Pacific laboratory for free market reformers.

A stream of visitors from the United States and Britain have made the pilgrimage to Wellington to see how far the reforms favoured by President Reagan and Prime Minister Thatcher - but never quite implemented - could be pushed.

Under Lange and his Treasurer, Sir Roger Douglas, government spending was radically retrenched, supports for farmers cut and trade liberalised. The New Zealand dollar was allowed to float.

After the Lange government imploded and the National Party took over, reforms continued: the central bank governor and permanent secretaries were placed on performance contracts, social welfare sharply cut, nationalised industry sold off and schools and hospitals placed under local autonomous boards. Freedom of information legislation was introduced and, last year, proportional representation applied to national elections.

If she has her way, Jenny Shipley will continue the trend: as transport minister she has favoured a proposal to force farmers to maintain rural roads by imposing tolls.

It has not however only been right-wingers who have been attracted by the New Zealand experiment in pulling government back. Among recent visitors was Dr David Clark, Labour Chancellor of the Duchy of Lancaster, in New Zealand to study freedom of information and pick up ideas about government organisation for his forthcoming White Paper on the civil service.

Visitors to Wellington do not always realise, however, that in New Zealand itself, the gloss has long worn off reform. The National Party-New Zealand First coalition is doing badly in the polls, which pick up public resistance to further free market reforms. In a referendum on a radical plan to abolish state pensions held in September the government plan was defeated by a margin of more than nine to one.

New Zealand's system of PR - which produced a coalition government last autumn - is also under severe criticism. Recent polls suggest that if another referendum is held New Zealanders will vote for a return to first-past-the-post.

After losing power, New Zealand Labour has been striving under its new leader Helen Clark to reinvent itself as a centrist alternative. Under Tony Blair, British Labour has become something of a role model and there has recently been much NZ Labour traffic to London.

— David Walker

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# 17/FASHION

## All wrapped up like a teddy-bear



Functional, warm and cosy, the fleece is no longer just for the sports fanatic, writes Tamsin Blanchard. Comfort dressing is now acceptable any time, any place, anywhere. Who cares that you may resemble a Tellytubby? At least it's eco-friendly.

The "fleece" is to the Nineties what the shell suit was to the Eighties. It has become the universal sportswear, worn by the fitness fanatic who goes jogging in his on cold winter mornings, to the clubber who wraps herself round her waist whilst dancing and wears it to go home in or the office worker who zips one up inside her coat so she can stay warm in the bus queue. Like all good, functional ideas, the fleecy jacket has transcended age, gender and occasion: it has become the grown up clothing equivalent of a comfort blanket. And who can resist the feeling of being wrapped up like a teddy-bear?

I blame the Tellytubbies in their all-in-one fleecy suits. If I had the option between a trouser suit and a fleecy romper to wear to work in the morning, I know which one I would go for. We have become a nation of comfort seekers. Structured clothing is off the agenda. A neat jacket and coat might look smart and elegant, but who wants to feel as though their arms are trussed up all day? Just as we are used to having our fruit and veg packed into self-contained, easy-to-use, pre-washed units, so too we want our wardrobes to be as easy as possible. The art of mixing style and comfort is a fine balancing act. To avoid looking like Wayne or Waynetta, simply wear your fleece with some-

thing a little special like a delicate beaded dress. Not only is a fleece jacket warm and functional, it can be eco-friendly too, the perfect way of recycling plastic drinks bottles. They can simply be melted down and spun into a fibre which, in turn, is woven into high-performance fleece fabric.

We expect to see American labels like Gap, Timberland and Northface using fleece for their sportswear ranges. But it's not something you would associate with traditional clothing company, Thomas Burberry. But when Burberry launched its Sport range this year, perfecting fleece was high on the priority list. The fact that fashion has been so transformed by sportswear over the past two decades - from breathable, stretchable, washable fabrics we wear to the drawstring waists, hooded tops, and training shoes that are now as commonplace in fashion shops as in the locker room - is more to do with the comfort factor than with the desire to be healthy and fit.

It's about time too. Compare a typical outfit from today with something our great-grandparents might have worn in 1897. Then, it was all corset stays, hooks and eyes, under-skirts, lacing and suspenders. Today dressing needs no assistance or thought whatsoever. It's just a matter of a zip here and an elasticised waist there. And we are getting to the stage of one size fits all: the fabrics stretch to accommodate the wearer. That's progress. Or is it? Do we really want to look like Tellytubbies? Shouldn't we suffer a bit for fashion?

The great thing is you can be dressed as inappropriately as you like for a cold night standing round a bonfire but as long as you zip that fleece up high, you will be cosy and warm. Now that really is progress.

Photographer: Sheridan Morley  
Stylist: Charlie Harrington  
Hair and make-up: Helen Bannon at Mandy Coakley  
Photographer's assistant: Coco Modek Tizer



Above: Beige tweed trousers with turn-up, £199, by Nicole Farhi, 158 New Bond Street, London W1 (enquiries 0171-499 8368); lilac ribbed polo neck, £31.99, by Oasis, 292 Regent Street, London W1 (enquiries 01865 881 986); tumbleweed fleece, £69.99, by The North Face, at Lillywhites, Piccadilly Circus, London W1 (enquiries 0171-915 4000); tan lace-up shoes, £89, by Pied à Terre, 19 South Molton Street, London W1 (enquiries 0171-629 1362).

Top left: Orange fleece, £55, by Thomas Burberry Sport, 167 Regent Street, London W1 (mail order 0171-930 7803).

Blue velour zip-up top, £45, by French Connection, 249 Regent Street, London W1, and branches nationwide (enquiries 0171-399 7200); black silk skirt with sequins, £159, by Nicole Farhi, as before; backdash trainers, £64.99, by Adidas from JD Sports, 267-269 Oxford Street, London W1 and stores nationwide.

## Want to look a million dollars but can't afford it? Check out Reiss

When Jigsaw was Retailer of the Year for women at the British Fashion Awards, many felt that it was well deserved. But in the

arena of men's retailing, which company is currently kicking up a storm on the High Street? asks Melanie Rickey.

A few days before Jigsaw scooped their award, Reiss won the men's equivalent at the FHM Menswear awards, beating strong competition from Jigsaw for men. Reiss is not one of those shops whose image

shouts "I'm hip and cool" from the roof-tops. Rather, it is aimed at men who want well designed, fashionable clothes that are affordable, not covered with logos and, furthermore, are available in smart surroundings.

The FHM awards were set up in 1995 to recognise the menswear fashion industry (which, incidentally, will raise its profile next year when the first London Men's Fashion Week takes place from 18-22 January 1998 in Chelsea), and Ed Needham, editor of FHM, is a firm believer in shops like Reiss both for his readers and occasionally for himself. "Our policy at the magazine is to show the clothes that men really want to buy," he says. "That means pages and pages of fashion where it is possible to see the clothes clearly, and actually to be able to go to the local shopping area and buy them." This has proved a successful policy for FHM. Needham believes Reiss, like Jigsaw for Men, have opened up this middle market, and made it possible for men to make an informed decision when buying clothes, rather than relying on a wife/girlfriend/mother.

Reiss was set up in the mid-Seventies by Londoner David Reiss, an entrepreneur who began his business by selling de-

signer labels. In 1987 he decided to set up an in-house design team and hasn't looked back. For him the award was a milestone: "It gave me a great deal of satisfaction. We've finally got recognition from both our customers and the industry."

The "total designer look" under one label has worked well, despite a few hiccups, and now Reiss is split into three strands: the main line, which is mainly tailoring; R-label, which is outerwear, jeans and jumpers; and Accesso-Reiss, which, as the name suggests, covers everything from sunglasses to underwear. Early next year they will launch RE, a casual sporty range, and for Autumn 1998 a capsule collection for women.

Their current best sellers are leather coats which start at £295, chunky rib roll-necks jumpers, from £59, and slim-fit shirts in stretch fabrics, also from £59.

Reiss have 10 branches nationwide. Call 0171-225 4900 for your nearest stockist.



Above: Cappuccino leather jacket, £395; stone rib roll-neck, £59; charcoal trousers, £59  
Above right: Charcoal pin-stripe suit, £335; grey cashmere V-neck sweater, £59

IN FRANCE,  
A BOTTLE OF  
CHAMPAGNE  
IS OPENED  
EVERY 10 SECONDS.

CANARD-DUCHÊNE. CHAMPAGNE SANS FORMALITÉ.







— Kate O'Honlon, Barrister



## The Royal Opera: no to merger, yes to a new broom



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Act One. Exit (stage left, pursued by snakes) Genista Melitosh. Enter soubrette Mary Allen, with Lord Chadlington (basso profundo) in close attendance. General confusion. Chorus appears with baskets of five-pound notes. There you have the recent history of Covent Garden - opera buffa. But now we have Act Two and a spirited intervention by the new counter-tenor, Chris Smith, provoking amazement in the stalls and choking in the Crush Bar. This week's *deus ex machina* is not the end of the drama. The Culture Secretary has intervened mightily, but the final shape of the reform of the Royal Opera ought to wait for Sir Richard Eyre. He will, we hope, have a lot to say about the organisation of this magnificent hut on so peculiar a form in the capital.

Mr Smith says the Covent Garden show must not go on. He is absolutely right. Hang the "arm's length" principle. The Royal Opera House has become a drain on public money, which, of course, includes

lottery revenues. If, as a result, it had become exciting and innovative, with the world's directors and artists beating a path to its door, the deficits might have some justification. As it is they are insupportable.

Let's dispense quickly with the idea that spending public money on this form of art needs some special justification. Opera attracts far too much attention - as if it were the only "elitist" activity supported by the state, as if government were not embroiled in all manner of activities that directly benefit a number less than the sum of the British population. London ought to have one stage where work by the world's leading designers and performers - perhaps even composers - can be afforded. There is, admittedly, no ready formula for the scale of public support for grand opera. It is a reasonable rule of thumb that world-class opera can be produced with what the likes of Jeremy Isaacs demand, less 5 or even 10 per cent.

People such as him are the problem.

Covent Garden has been managed by a board of trustees and executives whose record in simple profit-and-loss accounting is miserable. All the talk you hear about a revolution in public management in the vicinity of Drury Lane (admittedly much of it from Thatcherites in charge when the ROH was going to rack and ruin) - forget it. In their arrogance Covent Garden's managers let in the television cameras, so we know at first hand just what kind of people have been entrusted with running this premier arts organisation.

So much is common currency. The criticisms were mouthed in Gerald Kaufman's demotic as recently as last week. Now Chris Smith promises revolutionary change. The first task facing Sir Richard Eyre is to repopulate the management of the Royal Opera company to ensure, at the least, that in future it operates within its budget. The ROH recently put on Britten's *The Turn of the Screw*; let that be its managers' watchword. Running "culture"

- utilising the techniques of business in an environment peopled by creative people - is not intrinsically difficult. The National Theatre, even the BBC, offer instruction.

Sir Richard's second task is to wean Mr Smith away from his theory of unifying opera production on the same site. Mr Smith's threat (promise?) not to increase the flow of public funds into opera in real terms may be justified; but it does not necessarily argue for physical concentration. By all means, after rebuilding is complete, turn the administration of the Covent Garden building into a separate company that then leases space to the Royal Ballet and a (rejuvenated) Royal Opera. But don't squeeze the very different English National Opera into the same arena. It is not that the ENO has not had its share of troubles - among them its recent lacklustre programme and an attack of grandiosity in the Dennis Marks plan to build an entirely new theatre to house the company. There is surely much more life left in its current

home at the Coliseum, just as there ought to be much more life and vitality left in ENO's formula of English language productions on the cutting edge.

Chris Smith is endearingly keen on bringing opera to the people (which surely ENO's Baylis programme strives to do, not without success). His ideas about making the companies tour is patronising; he seems to have forgotten the existence, in Leeds, Cardiff and Glasgow of first-rate opera companies, let alone the autumn circumnavigation of England by Glyndebourne (which offers plenty of lessons about successfully rebuilding a concert hall). Covent Garden ought to be first-rate opera, performed in London, with a proportion of seats at budget price. To achieve that, Mr Smith has to make its management his target. If the positions of existing executives are now untenable, well and good. The arts great and good in this country are not all so great and good as they sometimes like to think.

Post letters to Letters to the Editor and include a daytime telephone number. Fax 0171 293 2036; e-mail: letters@independent.co.uk. E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

## LETTERS

### Irish president

Sir: As a Protestant citizen of the Irish Republic, I am deeply dismayed by the election of Mary McAleese as our President (report, 1 November) for two reasons in particular.

First, while our government professes to be working for peace in Northern Ireland, it has aggressively promoted an unabashed Northern Irish nationalist for President at a particularly sensitive time, when 40 per cent of Unionists remain outside the peace talks. Ken Maginnis has said that this confirms Unionists in the belief that they cannot do meaningful business with Dublin.

The second reason is that those who voted for Mary McAleese (only 21 per cent of the total electorate, as over 50 per cent abstained) could not, or would not, see through the nonsense of her claiming to "build bridges" to the Unionists, the very people she has strongly criticised over many years while working in Northern Ireland. She has even referred to Northern Ireland in the past as an "archetypal police state". Those who saw through this smokescreen, and still voted for Mary McAleese, frighten me even more, as they are declaring their lack of interest in pluralism and confirm their desire for a Catholic island for a Catholic nationalist people.

The main opposition candidate, Mary Banotti, is a genuine pluralist of a gentle disposition with an excellent record of public service. British people, with justification, often accuse people in Northern Ireland of living in the past. Sadly, if they have not done so already, they now have justification for including the citizens of the Irish Republic, just at the time when Mary Robinson was trying to show the way to a pluralist future.

ROBIN BURY  
Killiney, Co Dublin

### Divided Tory party

Sir: Contrary to Michael Heseltine's assertion (report, 3 November), it was the SDP's establishment in 1981 which kept Labour in opposition for 18 years and concentrated its mind on the reforms necessary to get elected.

Those reforms were carried through by strong leadership from Neil Kinnock and



### Woodward trial

Sir: Ten years ago, aged 19, with a group of friends I spent the summer in the United States. We stayed in various locations: Boston, Virginia, New York, with friends, relatives and some in "live in jobs". All of us entered the US armed with fake IDs, which showed us to be over the age of 21. We all used this ID to enter bars illegally.

We stayed out all night, partied, and probably didn't show the required commitment to our paid employment. Many of us may have professed to dislike our employers and indeed our jobs.

Luckily, none of us fell foul of a couple barely 12 years older than ourselves who had forgotten what it was to be a teenager. Luckily, none of us found ourselves in circumstances which, our not being able to explain them, might have indicated our guilt in a

capital crime in many US states. Luckily, none of us were made convenient scapegoats for what may have been a horrible accident or terrible crime.

It is a frightening concept that we must rely on luck rather than justice ("The crowd holds its breath for Louise", 4 November). What about the infamous Salem witch trials, or the spectacular cases of Lizzie Borden or the Boston Strangler? Historically surely the 17th century wrangles over the Massachusetts Bay Charter were of greater importance?

GUY EVANS  
London SE3

Sir: You claim that the "Boston Massacre" of 1770 involved British colonial soldiers being "slaughtered by the French and their Indian allies" (report, 4 November). Any American schoolchild could tell you that the victims of the Boston Massacre were ordinary citizens of

children will suffer fewer disadvantages.

Dr VANESSA MARTIN  
Egham, Surrey

Sir: Is the Louise Woodward case really the most important case in the history of the state of Massachusetts (report, 4 November)? What about the infamous Salem witch trials, or the spectacular cases of Lizzie Borden or the Boston Strangler? Historically surely the 17th century wrangles over the Massachusetts Bay Charter were of greater importance?

GUY EVANS  
London SE3

Sir: How amazing to see that the American justice system has become "anachronistic" because of Louise Woodward's guilty verdict. Maybe we should now abolish the ill-instituted trial by jury and install instead of it a system of "fair" trial by the general public plus the media?

JOSHUA HONG  
Wuppertal, Germany

### Business and EMU

Sir: It would seem that business enthusiasm for a single currency is proportional to the size of business - the larger the company the more pro-euro and vice versa (Letters, 3 November).

If a pile of sand 156ft high and a mile across the base (no metric nonsense here) represents UK business, then only the top six feet are firms with more than 20 employees.

Irrespective of the constitutional issues involved there are huge numbers of small and micro-businesses for whom a single currency represents a disproportionate and mammoth problem in terms of costs of compliance. The vast bulk of UK businesses (in keeping with the customers that they supply) are far from enthusiastic as far as the euro is concerned.

Dr BERNARD JUBY  
Federation of Small Businesses  
London SW1

### Hidden e-mail costs

Sir: Stephen Jones's call cost in transferring his e-mail (Letters, 3 November) is cheap at 1p.

However, this does not include the monthly subscription to a service provider. There is also the cost of the computer required to compose the e-mail and the cost of the modem required to transmit the e-mail down the telephone line.

In order for Mr Jones to get value for money he will need to send between 27 and 73 letters a month to other EU countries. He must be quite some letter writer, or a small business. E-mail is certainly convenient though not cost effective for the occasional user.

JOSEPH WILKINSON  
Whitehaven, Cumbria

### Cannabis law is an ass

Sir: In asking, "How do you explain to your children that it is okay to pick and choose those laws that you obey and those you don't?", Graham Evans (Letters, 30 October) confuses legal imperatives with moral ones.

History is littered with unjust or misconceived laws. It is not just okay to distinguish between those laws which are right and those which are wrong, it is our responsibility. When - as in the case of cannabis prohibition - the law is merely an ass, it should be treated as such.

GILES BURGESS  
Redmond, Washington

### Curbing the car

Sir: Norman T Shepherd (Letters, 28 October) suggests banning parking at all publicly owned buildings. Why stop there? Banning all non-residential parking, both on and off-street, in our city centres, would be the simplest and most effective means of ridding them of traffic.

ROGER HOUGHTON  
Bath

### Remembrance Day

Sir: Remembrance Sunday exists to remember and honour everyone that gave their lives in the world wars. Why is it that Peter Tatchell and Co (report, 3 November) feel the need to have a special ceremony to remember homosexuals?

A PLATER  
Leeds

## Bad news for pedestrians, maybe, but great news for pedants



MILES  
KINGTON

The other day I was listening to the fading moments of the Radio 4 programme called *You and Yours*, which contained a fascinating item on cross-channel ferry traffic. What was fascinating about it was that, according to the woman reporter, it is more expensive on some car ferries to cross without a car than with. The particular ferry she was talking about charged something like £100 for a car with driver and all the passengers, but a foot passenger with a bike or just a walking stick would have to pay nearly £200. One man had tried to pay £100 for himself and a Dinky car, but the firm said that a Dinky did not qualify as a car.

"This is bad news for

pedants," concluded the woman gloomily.

This remark stopped me in my tracks. Why was it bad news for pedants? Was it bad news for mathematical sticklers whose statistical sense of money would be outraged? Was it bad news for pedants who insisted that a Dinky car was a car was a car...

Then the light dawned. By pedant she meant "foot passenger". She had got muddled up between "pedant" and "pedestrian". Like someone finishing a difficult crossword clue, I glowed with pride and pleasure at her mistake, and my solution of it...

And since then I have been mulling over that pleasure and that smug glow, and have come

to the sad conclusion that, like all pedants, I derive an immensely selfish pleasure from spotting the mistakes of others. People sometimes write to me to point out my trivial mistakes, sometimes of grammar, sometimes of fact, and they almost always express an emotion somewhere along the road between mild disappointment and horror. "I was somewhat upset to read that you thought Joyce Kilmer was a female poet. He was in fact an American soldier..." "I am sorry to see you too splitting an infinitive..." But although they say they are sorry or disappointed or upset or even horrified, they do not mean it. Far from being chastened, they are delighted that they have a chance to correct

me. It has given them a great deal of pleasure to write in. And why not? It's a simple game, and everyone enjoys it, even the victim, and we would not enjoy playing it half so much if we owned up to our enjoyment.

I mean, if I wrote to *You and Yours* about their woman reporter's little slip, I might say, "Dear You (and Yours), I was perturbed to hear you use the word 'pedant' the other day as if it meant 'foot passenger'. How can we maintain correct standards in English if even the BBC fails to?" etc etc etc. But what I really mean is, "Dear You (and Yours), I was delighted to hear your reporter commit a howler the other day and it gives me great pleasure to write in and correct her."

Please excuse my pedantic fervour, but ...

I nearly wrote to the *Radio Times* the other day on a similar mission. They had a listing for the edition of Radio 4's *Loose Ends* which marked the 75th anniversary of the Beeb, saying that the programme would be presented by "Ned Sherbert". Considering that the only person who ever presents it is Ned Sherrin, I found this a little odd. Either he had been replaced by a man with a very similar name, which was unlikely, or someone had made an innocent mistake, which was unlikely, or some sub-editor or printer had made a silly joke, which was more likely, but still not very likely, or...

Once you get to that link in

the chain of reasoning it is time to shut up. Don't give in to temptation. I was tempted the other day to write to the news reporter on the BBC who was doing a piece on the opening of the Guggenheim gallery in Bilbao, and who said "... Now this dower industrial town has gained a stunning new icon..." What I would have said was, "Dear BBC, I was horrified to hear the word 'dour' pronounced as 'dower' the other day," but some sixth sense made me look up 'dour' in the dictionary and apparently the Scottish pronunciation rhyming with "fewer" which I am used to is not universal, and it can also be pronounced "dour". Mark you, I also wanted to protest against the massive

overuse of the word "icon" which can now be used to refer to anything from a good footballer to, well, a new art gallery in Bilbao, and therefore means very little at all, but in the upshot I never wrote at all, and quite right too.

Anyway, just to show that pedantry is not entirely a wasted activity, there is one very clear lesson coming out of all this, and that is that if you want to make money, all you have to do is open depots at selected channel ports selling wrecked cars for a few quid each to pedestrians embarking on channel crossings and thus enable them to save a lot of money. Especially as they will have the pleasure of leaving the car on the boat at the other end.



# 21/COMMENT

## Yes, the middle classes will have to be squeezed



ANDREW MARR  
BRIDGING THE SOCIAL DIVIDE

All around him, his enemies lie vanquished and scattered. To the right, the once mighty Tory party has only its mutual loathing over Europe to hold it together. To the left, there is nothing. His MPs are so silent and disciplined that Parliament, once a kettle of gossip and argument, has become a silent political shell. His ministers are hard-working, abstemious and loyal. Overseas, he is revered. At home, the unemployment queues are swelled by despairing satirists. Was ever a modern Prime Minister so favoured by fortune?

Yet this one is over; and rightly. For the full force and sweep of the Blair project has yet to be understood by the country. When it is, there will be many who dislike it, and politics as normal will slowly resurface. The election was overwhelming. But the real battle has barely begun.

What is the Blair project? It is in conception very simple, though rarely expressed simply. It is to persuade the middle-class majority to pay more for our services—whether in education, employment insurance, health, water or social services—without paying less taxation in total. The surplus is spent reclaiming the poor and jobless, mainly through education, and so closing the modern Two Nations divide.

This puts the Thatcher Revolution at the service of social democratic morality. She believed in making people more independent of the state, in encouraging private provision for health, pensions and education. So does Blair. But there is a difference. Her rhetoric suggested that this process would result in an ever-smaller state and lower taxes; he suggests that its purpose is philanthropic. The middle-class sacrifice is moral.

And many will resent it no less for that. Students and people with children about to go to university or college, know what Blairism means at the sharp end. But it is only the beginning. The row over tuition fees will be followed by new and worse rows in the years to come, over hotel-style charges in hospitals; higher drugs bills for the better-off; water-metering; road-pricing; and perhaps expensive compulsory insurance.

People who complained during the Wilson, Callaghan, Thatcher and Major years about the tax cost of state services will find the experience of digging into their wallets for private provision at least as painful. Instead of raising taxes directly, this government will, in effect, privatise the extra impost. Will the people buy it?

That depends not on Blair's political rhetoric, but on whether he and Gordon Brown spend wisely. These are philanthropic islands. People give time and money to charity. But they want the money to be well used.

The tax revolt happened not just because of the sheer level of taxes before Thatcher, but also—more importantly—because she persuaded taxpayers that most of their sacrifice was wasted.

So if the Blair project is to work, then millions of people will have to be convinced that it is efficient. Will, for example, people be well trained in useful skills which actually get them jobs? Will that then mean lower unemployment hills, less crime and greater social harmony? Keeping the middle classes on side will also mean being tough with the recipients of state help, and the people who deliver it. Confrontations are almost inevitable.

In fact, if you tot up all the people Blair will have to confront to some degree in order to create his fairer society, it's a pretty impressive list. There will be middle-class anger at "having to pay more for everything". Unless the Conservative Party is terminally incompetent, it will all be stoked up by the Tories, and blamed on Blair's "ideological Europhilia". Meanwhile, on the other side, there will be producer and union anger at constant efficiency drives.

I don't mean to sound pessimistic. It will only mean ordinary politics has returned. Any democratic government which wishes to change the country, particularly in a way which benefits millions of excluded people, is bound to create enemies both to the left and the right. If Blair is to be a great leader, then these are necessary confrontations. The prize, too, is great: a country freed of its large penumbra of under-employed and poor, yet without a huge national debt. It is a vision worth the fight.

Nevertheless, that fight is likely to come at a time when the country is already feeling uneasy—when the familiar currency looks as if it is on the way out, and when the English are irritated by the puffy-chested Scottish Parliament, and when the economic cycle is dipping rather than rising. New Labour's popularity billowed up with almost magical speed; it could fall just as fast.

This explains, I think, the interesting lack of cheesy self-congratulation in Downing Street, and why Blair is continuing to try and expand his already huge circle of support.

If the Liberal Democrats, the pro-European business leaders and even Tory moderates are all in tacit alliance, then it will be easier to withstand the storm that will, eventually, arrive. There is plenty of hypocrisy and sycophancy among the new converts to Blairism; but there is quite a lot of real enthusiasm and idealism there too.

This reformist alliance needs some brave decisions by others. The Liberal Democrats, for instance, have an historic choice ahead of them. Should they form a libertarian or leftist opposition against Blair, or go further into alliance with him? Both choices are dangerous. Returning to opposition would mean turning their back on most of what they believe in, for the benefit of being distinctive, but marginal. (Not a great bargain, I'd have thought.) Going deeper in means taking the risk of being stifled to death in a cuddly, hairy-Blair hug, while hoping to push the Government further towards political reform than it would otherwise go.

But they, like the rest of us, will have to decide whether the Blair project is worth supporting all the way. It is easy to back it now, when he is still illuminated by the glow of the election, and the enemies are scattered. But two predictions are safe. First, real politics will return. Second, the Prime Minister will find out who his real friends are only once it does.



A 13-year-old protester in Louise Woodward's home village of Elton

Photograph: Reuters

## Another candle in the wind



SUZANNE MOORE  
THE POLITICS OF EMOTION

A child is lost and must be brought home safely. Other children as young as six are "campaigning" on her behalf, lighting candles, wearing yellow ribbons, hoping with all their little hearts that Louise can come home. "She's the light of our life," says *The Sun*, underneath a picture of "anxious youngsters". Much of the country appears to be involved in this giant rescue fantasy. We can save Louise Woodward. We can rescue her from a life in a petrifying American prison. We can teach the Americans a thing or two about justice.

The reality is that a child has been lost and can never be rescued. Matty Eappen is dead and cannot be brought back to life by any kind of public outcry. Yet dead babies, despite our supposed love of children, do not evoke that much public sympathy. They cannot speak up for themselves. They are at times intensely annoying and frustrating. The great unspoken truth, central to this whole

sorry case, is that babies can invoke absolute feelings of love and of hate, of joy and of rage. It is not so difficult to imagine shaking a baby, dropping a baby, being too rough with a baby whether you are its paid carer or its parent. Yet babies are completely innocent aren't they? They do not know what they are doing. They cannot help themselves.

It seems to me that many of our complicated feelings about infants have been transferred on to Louise Woodward herself. She has become entirely infantilised through the media coverage of her trial. She may in fact be a rather sullen young woman but she is spoken of as a little girl lost. This is why she must be thought of by both sides as entirely innocent or entirely guilty.

Like many others I feel that Woodward should not serve 15 years in an American prison because she is not a danger to society. Yet I cannot believe that anyone involved in this case is completely innocent. The point is that she does not have to be completely innocent in order for us to think that the murder verdict is wrong.

Various suggestions have been made as to what would have got Louise off. She should have been prettier, blonder, more like a cheerleader, she should have been chattier, more tearful and shown more emotion. The howl of incomprehension she gave when found guilty was surely enough emotion for most. Indeed the extraordinary campaigns to have her released in this country and now in America, with their candles, flowers and the creation of instant communities of feeling are part of the new

"politics of emotion" that was both rubbished and celebrated at the time of Diana's death.

The intensity of the reaction to Diana's death has left a kind of vacuum. Despite their sadness, many people felt somehow more alive than they had for some time, part of a collectivity that had for so long been denied. This was dismissed as hysteria by those for whom any public display of emotion is essentially inauthentic. I felt then and I still do that what was expressed was a genuine articulation of loss, that it was both sincere and sensational at the same time.

The candlelit vigils to free Louise Woodward are in some way connected to this post-Diana mood. "The cult of intimacy," which Christopher Lasch wrote of in *The Culture of Narcissism*, is in full swing. We have been encouraged to feel intimate enough with Woodward to call her only Louise. Unlike the vigils for Diana, these vigils are intended to make something happen. This is emotional activism of a new kind.

Just this morning another leaflet from Amnesty popped through my letterbox. It detailed yet again more stories of torture, of mutilation and cruelty so horrible that I could hardly bear to read it. Innocent people are imprisoned and maimed every day of the year and no one does much about it.

Woodward's case, however, brings together a number of concerns that obviously have huge emotional resonance—the issue of childcare, of who is actually responsible for children, the residual anti-Americanism of Britain, the TV drama of a real-life courtroom scenes, the

clambering for victim status, the fate of the working woman, the Oprah-ification of all culture. Certainly the scenes in Elton, Woodward's village, of people crying and shouting and hugging each other reminds us that the image of the British as a cold and unemotional people has finally been laid to rest.

These people with their visible outrage understand that the visibility of emotions is a crucial aspect of this case. The new "politics of emotion", which Tony Blair surfs so expertly, means that emotion has to be seen to be shown rather than merely felt. There were a number of points in this case, in which this view was expressed. Deborah Eappen told us that Louise Woodward didn't look like a child abuser. Well, what do child abusers look like? The Eappens themselves, with their glazed American sentiments, were also said not to have shown enough grief. What does enough grief look like?

It is no coincidence that such strong feeling should surround this young British woman abroad and that it should involve children. The mood of the country, post-Diana, has been described as "feminised", in that we are all much more in touch with our emotions than before. Expressing one's feelings has become an end in itself. Yet expressing one's feelings is not

the same as understanding them, as being emotionally literate to use the psychopolitical jargon. We have some way to go in this direction.

Our reaction to the Woodward case means that a huge amount of feeling is being expressed about an injustice that has been seen to be done. Unfortunately, though, the complicated feelings that this case forces to the surface have been pushed down in the overwhelmingly simplistic demand for Louise to be found "innocent". It is as if the ugly details of this case can all be tied up with a giant yellow ribbon, that come "judgment day", mercy will be shown, that a missing child will be returned safe and sound into the arms of loving parents. But it is already too late for that. A child has gone. Louise Woodward is not that child, however much we try and make her into it.

This case is full of "reasonable doubt". To replace it with passionate certainty is another kind of denial. In this new age of emotional openness, admitting that the lines between innocence and guilt are not always as clear as we want them to be is still difficult. So, too, is acknowledging that feeling is not the same as knowing and that there are times when, however much we might feel we know, the truth is that we actually don't.

## Here are the tools. Now, how do we change society?



HAMISH MCRAE  
TELECOMS AND THE FUTURE

The future—or at least some visions of it—happens at Martlesham.

An old Fighter Command airfield near this Suffolk village now houses BT Labs, the main research centre for the telecoms company. It is a sprawling array of seriously ugly Sixties and Seventies buildings in which BT's baffians dream up ways to change our lives. For the last few weeks the company has been showing some 60 or so of these new technologies. It was mainly directed to their business customers, but they let me have a look too.

Some will be familiar to people who watch *Tomorrow's World* technologies that are just

around the corner, or on trial now. For example, you can see how BT have managed to cram a 1" V signal down a telephone line, or how when you ring a call centre (say, to book an airline flight) you can hook up your PC and see the person you are talking to on a screen. There are other ideas, such as the ability to make a computer model of your home, then buy curtains, carpets and furniture to fit.

But, of course, all new technologies, particularly electronic ones, raise the question: what are they for? In some cases it is easy to see a practical application. Traumatized enables an ambulance crew to send a high-quality picture of an accident to the hospital over a mobile phone, so doctors can judge how serious the injuries may be. Norwich and Norfolk Hospital is trying this now. BT also has a snazzy dealing desk which it hopes City firms will adopt, and its own Intranet to enable employees and top management to communicate with each other.

But in most cases it is hard to guess whether a technology will be a winner or, like the videophones of five years ago, a commercial flop. You can do more or less anything you wish with technology, whether customers want it, or whether you can do it at a commercial price, is quite another matter.

That leads to the really big question that these new technologies pose. In what ways will changes in telecommunications and the related technologies lead to seismic social and economic change over the next generation?

I could see at least four really big changes that immensely capable and cheap telecoms might bring. One is a rebalancing of the relationship between small and large: between, for example small companies and large ones, individuals and employers, small countries and large. For the last few centuries God has been on the side of the big battalions. But cheap, capable communications change this.

For example, up to now education has been top down, with knowledge passed from universities to favoured students who physically attend the university, or with the knowledge accumulated in the research departments of large companies (including, I suppose, BT). Soon that need no longer be. BT was displaying "education on demand" services, to be delivered to people's homes. The Internet enables anyone with a computer and modem to link into an almost unbelievable amount of information. At the moment the quality is mixed. But it will improve and, more

important, search programs will improve, too, enabling people to distinguish the gems from the dross.

This is not just a new way of delivering information. It changes the balance of power between centres of information and users, in the same way as the invention of the printed book. Until Gutenberg's invention there were so few books, that few people needed to read. Soon, finding knowledge on screen will be an ordinary, commonplace activity in the same way as reading is now. But with books there are still barriers to entry: you have to get it published and distributed. There are no such barriers for information on the Internet.

The second seismic change is in the ability of society—if it wants to—to promote order. At Martlesham BT was showing iris recognition. You look into a camera that scans your eye. The iris has 250 characteristics unique to each person, 10 times more than on a finger-print. You could use that "print" of the iris to allow entry into secure areas, get money from a cash dispenser, travel around the world without a passport. It has enormous implications for government—for it becomes possible to track anyone—and, of course, also for civil liberty. Britain could screen travellers

at a foreign airport as they boarded the plane, rather than having them pass through immigration at Heathrow. We may not want to pay the price for a more ordered society, but if we do, the tools are becoming available.

The third thing that is entirely new is a change in the barriers in society. Up to now they have tended to be physical—people in one country not being able to get jobs in another, or jobs going to core regions within a country, at the expense of the fringe. In future barriers will be cultural and intellectual: between people who can cope with the new technologies, and people who have cultures attractive to would-be buyers.

For example, we still think of countries as being developed or less-developed, though that distinction is already becoming pretty meaningless. It will have even less meaning when you do not need to know where the person to whom you are talking or from whom you are buying a service is physically located. Book a flight on British Airways in the evening, and you will be talking to someone in America. People who work on screen will not even need to live in the same country in which they work. But what they will need are the education and languages to carry out the service.

Finally, I think (and hope) that these new technologies will bring to service industries the same sort of productivity increases that economies of scale in factories have brought to manufacturing. The great rise in our standard of living over the last two centuries has been driven by increased productivity in agriculture and manufacturing. Typically, manufacturing productivity has risen by 3 per cent a year. But manufacturing (and to even a greater extent agriculture) is too small to have much effect on living standards. If we really want to improve those, we must achieve similar advances in the 80 per cent that is not manufacturing.

The real driver in increasing productivity here has to be these new technologies—we have to find ways of using skilled people more efficiently, and using less skilled people to deliver high-quality services, too. This is not gee-whizz stuff; it is the slow slog of applying best technology to produce better services more cheaply. That is maybe the most important message of Martlesham—not the futuristic kit, but rather the hope that new technologies will do for services what past ones have done for manufacturing: to enable companies to make services better and cheaper.

### Bulgaria in Crisis

BBC launches Appeal

LEFT TO FREEZE  
Yordan, 1½, already malnourished could die from cold and hunger this winter unless aid reaches him now. With temperatures plummeting to -15°C Yordan's scant clothing and no shoes offer him little protection from the bitter cold and there is no money to heat his orphanage. There are 37,000 places in Bulgaria's orphanages.

### No Money To Feed The Children

### No Money To Heat The Orphanages

Bulgaria is a country in the midst of a serious economic crisis. Unless urgent help is sent, thousands of children will suffer terribly this winter.

There is little money to heat the orphanages. Orphanage Directors are having to beg for food from local villages and rarely know where the next meal is coming from. In some areas children, like Yordan, are going hungry and the cold could prove fatal for many children this winter. Without aid this could be catastrophic for Bulgaria's orphanage children.

The European Children's Trust, sister charity of The Romanian Orphanage Trust, is ready to distribute emergency food packs, clothes and fuel to the orphanages in most need.

**Your gift today will save lives and bring hope.**

£28 could buy enough emergency food packs to feed 20 orphanage children for a week or heat an orphanage for 3 days.

Please send whatever you can to help children survive the winter or call 01273 299399 NOW

I enclose £\_\_\_\_\_ to save Bulgarian orphanage children. Cheques to The European Children's Trust. Or debit my Access/Visa/CAF card

Card no \_\_\_\_\_ Expiry date \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Mr/Mrs/Miss/Ms \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Telephone no. \_\_\_\_\_

Return to: Tanya Barron, (ID1), Bulgaria Emergency Appeal, The European Children's Trust, FREEPOST K22029, 64a Queens Street, LONDON, EC4A 4AR or call 01273 299399 NOW. Registered Charity No. 1046737

The European Children's Trust

Please act NOW - winter is coming



## Marks & Spencer to spend £2.1bn on global expansion

Marks & Spencer unveiled the most aggressive expansion programme in its history yesterday with plans to invest £2.1bn over the next three years as it aims to build a global business.

It will create 5,000 jobs in Britain this year in the process. Nigel Cope, City Correspondent, reports on a new mood at Britain's most profitable retailer.

The expansion will see M&S increase its retail selling space by 30 per cent over the next three years. In the UK it will open up to 20 more neighbourhood stores specialising in its food ranges to take the total to 35 outlets.

As it integrates the 19 stores bought from Littlewoods for £192.5m in the summer, M&S will reopen some as stand-alone menswear, ladieswear and home furnishings outlets though the precise locations have not been revealed.

With additional branches opening across Europe, the Far East and the Middle East, Sir Richard Greenbury, the M&S chairman, said the company was entering a new phase.

"We are entering a period of accelerated footfall and product expansion in the UK and overseas, so by the year 2000 we will be well on our way to establishing a global business," he said.

The proportion of sales M&S derives from overseas is expected to increase from the current 17 per cent to more than 25 per cent by the end of the decade.

In the City, analysts welcomed the move though they added a note of caution. John Richards, at NatWest Securities, said: "It is a step up in the underlying rate of physical growth but people shouldn't get too carried away. This kind of overseas expansion carries with it higher risk." M&S shares fell 10p to 600p on the news.

In the UK, where M&S has 286 stores, the company will open its largest branch

in the world in Manchester in the next two years along with branches at Cribbs Causeway, Bristol and Bluewater Park in Kent.

A new branch in the City of London is planned for the corner of Gracechurch Street and Fenchurch Street.

A big development of its food operations is also planned. This will see the number of in-store butchers rise from 40 to 100, the number of bakeries increase from three to 50 and the opening of its first full-service delicatessen counters next April. However, Sir Richard dismissed speculation that M&S was planning a head-to-head challenge to the major supermarkets: "The best thing I can say about that is that it is absolute nonsense. We would want our head examined."

He said a typical M&S food hall carried 2,000 to 2,500 lines compared with more than 20,000 in a branch of Tesco or Sainsbury's.

M&S will continue to concentrate on its added-value speciality foods, such as ready-made meals, where its market share is more than 50 per cent, and hot pies, where it has more than 30 per cent of the market.

In Europe, M&S has opened its first store in Germany in Cologne and has since acquired a further four sites.

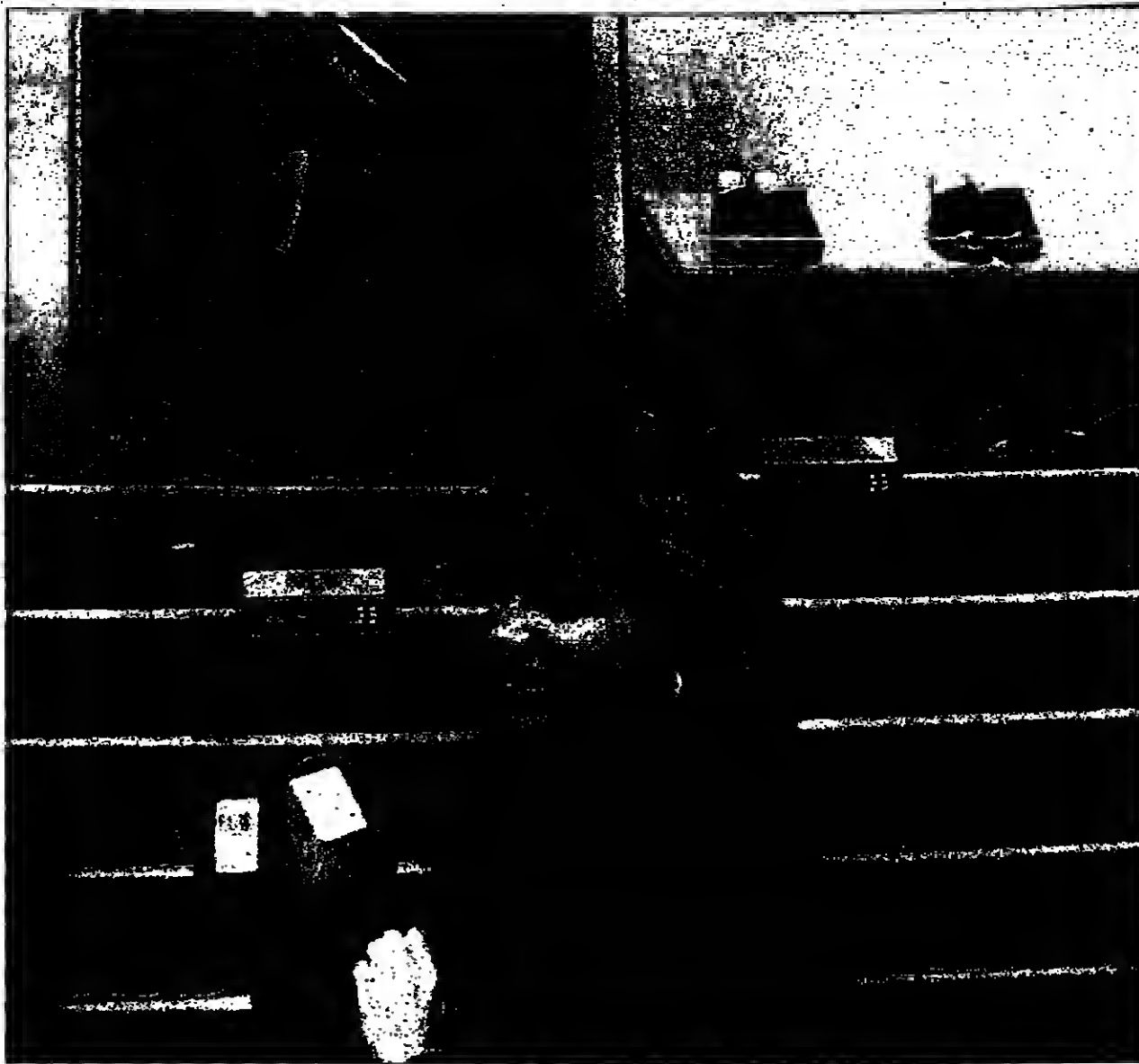
This, together with planned expansion mainly in France and Spain, will increase the retail space in Europe by more than 1 million square feet.

Sir Richard said there were 20 to 25 sites in Germany that the company would like to open now if suitable locations could be found and planning permission won.

In the Far East, the company has opened its 10th store in Hong Kong though this market has been affected by the volatility of the financial markets and the handover.

Tourism was down by one-third, Sir Richard said, with hotel occupancy running at only 60 per cent.

M&S is looking at mainland China, where it is continuing negotiations on store openings with the Chinese authorities. It is also looking at Thailand, Indonesia and Malaysia.



Strong sales of footwear helped boost Marks & Spencer's UK profits by 6 per cent

Photograph: Rui Xavier

M&S is looking again at the entering the Japanese market, which is the second-largest clothing market in the world. Property prices have tumbled since M&S decided against opening stores in Japan two years ago.

Brooks Brothers, the US clothing group acquired by M&S in the 1980s, is being taken into the Far East with a joint venture partner. Sir Richard said he would like to bring the stores to the UK, particularly London, though there were no current plans.

The £2.1bn of investment will include a major information technology programme. This will see a new till system rolled out across the entire chain. The new

tills can accept a range of currencies, including the euro.

Sir Richard was speaking as M&S reported a 5.2 per cent increase in pre-tax profits to £452.3m in the six months to September.

The profits were affected by a £10m cost caused by the Budget's changes to pension scheme funding. The half-day closure for the funeral of Diana, Princess of Wales, knocked £20m off sales.

UK profits rose by 6 per cent to £796.7m, helped by strong sales of clothing, footwear and gifts and an 11 per cent rise in home furnishings sales.

Food sales increased by just 2.3 per cent. In America, Brooks Brothers record-

ed a profit of £2.3m on sales of £148.9m. The financial services operation increased profits from £33.2m to £37.5m in the period.

Group sales were 6 per cent ahead at £3.7bn. The interim dividend was increased by 9.1 per cent to 3.6p per share.

In Europe, profits fell from £11.3m to £9.4m. The company said it expected the French lorry drivers dispute to cause further disruption. M&S is now the largest commercial user of the Channel Tunnel.

In the Far East, profits fell from £13.4m to £10.8m. The company said it had been affected by the turmoil in the currency markets.

Outlook, page 23

## 'Independent' coverage of personal finance wins double award

This year's Bradford & Bingley personal finance media awards have brought a double success for *The Independent*, which was chosen as Personal Finance Newspaper of the Year. At the same time, our personal finance editor, Nic Cicutti, was named Personal Finance Journalist of the Year.

The awards top a growing list of accolades for *The Independent's* business and personal finance coverage. In April we were named Financial Journal of the Year in the Wincott awards for business and financial journalism.

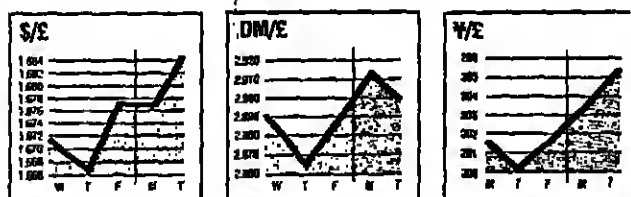
Derek Pain, our stock market reporter, was Stock Market Reporter of the Year for the second year in succession, while Mr Cicutti was recently also named Life and Pensions Journalist of the Year, by the Association of British Insurers.

In making *The Independent* Personal Finance Journal of the Year, the judges cited "a mix of thought-provoking, authoritative articles, intelligent economic commentary, a regular financial money makeover case study, snippets about new product developments and lighter features such as collecting for investment."

The judges highlighted our pioneering work on the upstart and cashless costs of pension and life assurance policies as well as numerous scoops on the pensions mis-selling scandal. The judges said: "The *Independent's* money writers get to the heart of important issues and are given the space to pursue their topics - which serves the reader well."

Completing the double, Mr Cicutti was named Personal Finance Journalist of the Year for "his consistently mature standards of analysis and comment across a wide range of issues affecting both the financial services industry and consumers". The awards were presented in London last Monday by Helen Liddell, Economic Secretary to the Treasury.

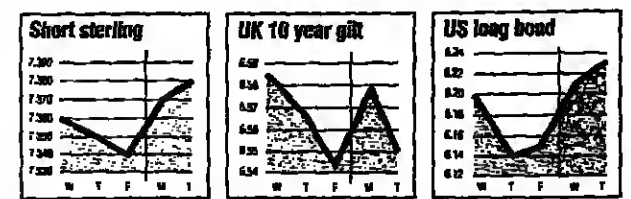
### STOCK MARKETS



Four Jones Index and graph at 10:00

Index	Close	Change	Change (%)	52 wk high	52 wk low	Yield (%)
FTSE 100	4997.40	-8.00	-0.18	5330.80	3800.40	3.56
FTSE 250	4674.80	-11.20	-0.24	4963.60	4348.10	3.47
FTSE 350	2366.10	-2.30	-0.10	2555.30	1948.20	3.54
FTSE All Share	2318.62	-2.30	-0.10	2402.41	1925.72	3.52
FTSE SmallCap	2221.7	1.50	0.07	2406.20	2128.40	3.24
FTSE Realind	1271.3	3.60	0.28	1346.50	1198.70	3.36
FTSE AIM	991.5	2.10	0.21	1138.00	965.90	1.04
Dow Jones	7660.80	-10.32	-0.13	8229.31	6041.68	1.75
Nikkei	16500.10	41.16	0.25	21480.57	16082.32	0.93
Hang Seng	10780.78	-474.33	-4.21	16820.31	8775.68	3.88
Dax	3812.45	-41.62	-1.08	4438.93	2871.86	2.08

### INTEREST RATES



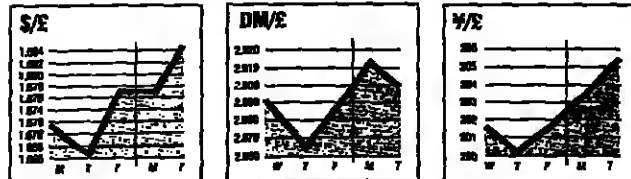
Money Market Rates

Index	3 month	1 yr	1 yr	1 yr	1 yr	1 yr	1 yr	1 yr
UK	7.58	1.07	7.58	0.81	6.55	-1.17	6.50	-1.08
US	5.75	0.25	5.94	0.22	5.93	-0.41	6.23	-0.43
Japan	0.53	0.03	0.56	-0.04	1.81	-0.73	2.40	-0.83
Germany	3.89	0.51	4.08	0.70	5.80	-0.42	6.23	-0.55

### MAIN PRICE CHANGES

Prices	Price (p)	Chg (p)	% Chg	Falls	Price (p)	Chg (p)	% Chg
West	724.00	47.00	6.84	HSBC Hedge	1410.00	-55.00	-4.41
Bloomin'ables	587.50	27.50	4.51	Thomas Walker	875.00	-37.00	-4.07
San Life and Pr	382.00	17.00	4.66	Scottish and Ne	678.00	-28.00	-4.09
Reed	606.00	24.00	4.13	Woolsey	496	-17	-3.32

### CURRENCIES



Pound

at 10:00	Change	% Chg	at 10:00	Change	% Chg
Dollar	1.6845	+0.76c	1.6444	0.5935	-0.27c
D-Mark	2.8989	-1.01c	2.9023	1.7235	-1.12c
Yen	205.42	+92.59	187.13	121.95	+90.99
Silver	102.90	+0.60	91.20	104.50	+0.20

### OTHER INDICATORS

at 10:00	Chg	% Chg	at 10:00	Chg	% Chg
Brent Oil (\$)	19.22	-0.05	21.53	114.00	3.90
Gold (\$)	315.55	2.00	379.05	159.30	3.6
Silver (\$)	4.84	0.06	4.81	Base Rates	7.00

www.bloomberg.com

source: Bloomberg

## Botnar to return as warrants lifted

Octav Botnar, the founder of Nissan UK, is to return to Britain following the Inland Revenue's decision yesterday to withdraw two arrest warrants issued on charges of cheating the authorities out of £300m in tax revenues. Michael Harrison reports on the latest twist in an extraordinary six-year legal wrangle.

Associates of Mr Botnar said yesterday that it was the intention of the 84-year-old millionaire to return to Britain to visit the grave of his daughter Camelia, even though his health is now said to be in a "perilous state".

This emerged as Mr Botnar, who has been forced to live as a "fugitive from justice" in Switzerland since 1992, hit out in a blistering attack on the Revenue's long and dogged pursuit of him.

One adviser said: "He has still got the brains and the energy even though his body may be falling apart. He has not seen his daughter's grave in five years and quite apart from

that there are a lot of people who would like to see him back. I don't think he will be short of invitations to return."

In an application yesterday to magistrates in Worthing, the former home of Nissan UK's headquarters, the Revenue said it was withdrawing the arrest warrants on medical advice after studying a doctor's report. Counsel for the Revenue said: "It is clear from these reports that Mr Botnar would be unlikely to survive a long criminal hearing."

The development brings to an end the six-year battle between Mr Botnar and the taxmen that began in June, 1991 when 135 Inland Revenue offices launched an unprecedented raid on the home and offices of Mr Botnar, Nissan UK, and its auditors and tax advisers accompanied by television cameras.

The raid led to charges that several Nissan UK executives, including Mr Botnar, had cheated the Revenue out of millions of pounds by falsely inflating the prices they were paying to import Nissan cars from Japan, depriving Nissan of profits and evading corporation tax. Two arrest warrants were issued in 1992 and 1995 and two other Nissan executives were subsequently tried and imprisoned.



Octav Botnar: Given go-ahead to make trip to UK

Mr Botnar, who has always denied the charges, agreed to pay the Revenue £59m last year to settle its corporation tax claim against the company.

Mr Botnar dismissed the Revenue's explanation for withdrawing the arrest warrants and claimed the real reason for its action was to avoid appearing in court for a two day hearing scheduled to begin on 19 November.

"These excuses do not bear

examination. The Revenue has known for four and a half years of the perilous state of my health, following surgery for the removal of my entire stomach in 1993."

Mr Botnar, who has lived since 1992 in Villars, in the Swiss Alps, said the Revenue knew it never had any chance of prosecuting him but had maintained the warrants to put pressure on him to agree to a further financial settlement.

## BP set to account in the euro after EMU starts in 1999

British Petroleum is considering drawing up its accounts in euros after the single currency goes live in 1999.

Chris Godsmark, Business Correspondent, assesses how businesses are switching to the single currency.

same amount on top to cope with the millennium computer bug, BP said its policy would depend on the demands of investors, customers and suppliers. Though only 3 per cent of its shares were held by continental institutions, the figure was rising fast and some big London-based investors could also prefer to deal in euros.

John Buchanan, BP's chief financial officer, said: "If the big continental companies report in euros then we would have to look at that. Some of our customers will want to pay us in euros and if that's what customers want then we'll do it."

Under Lord Simons of Highbury, its former chairman, BP had been one of the most pro-European of UK companies. The approach has continued under Peter Sutherland, its new chairman, who was a former European Commissioner and one of the best-known campaigners for the euro.

Mr Buchanan said BP would prefer the UK to join the single currency in the first wave in 1999. "We'd be happy going into monetary union at a faster pace. It has an inevitability about it, so why don't we get on with it?"

BP yesterday revealed another record set of profits, with replacement cost earnings before exceptional items rising by 11 per cent between July and September to £691m. Mr Browne said the group had already achieved cost savings of £450m so far this year, 30 per cent more than the £300m target for the whole of 1997.

A \$2-a-barrel drop in oil prices hit third-quarter profits from oil exploration and production businesses, which fell by £87m to \$674m. BP said delays to its deepwater Foinaven field to the west of Shetland had cost the company up to \$300m.

Mr Browne said no decisions would be taken on further share buybacks until the Government finalised its policy on dividend tax credits.

The review of accounting policy by BP is the clearest indication yet of the way British businesses are moving towards the single currency regardless of the Government's policy. Gordon Brown, the Chancellor of the Exchequer, last week pledged that Britain would probably sign up to the euro, but not until early in the next Parliament.

BP, the UK's largest company by its market value of £51bn, uses the dollar as its main group-wide currency but restates its financial results in pounds every quarter. John Browne, chief executive, said yesterday the company was considering adopting the euro in place of the pound before the UK joins.

Under the transition plans, the euro will become legal tender alongside existing currencies from 1999 to 2002, when the new currency takes over.

BP is one of the first large British-based multinationals to suggest it could ditch the pound before the millennium. Marks & Spencer has said its British tills will probably accept euros as well as pounds from 1999, while suppliers and customers of the UK operations of Siemens, the German electrical engineering giant, are being asked to use the single currency.

Mr Browne revealed that BP was already spending \$100m (£6.1m) on new computer systems to prepare for the single currency and was investing the

OUTLOOK  
ON A BRASS  
SPENCER  
EXPANSION  
BPS M&S  
AND THE  
FENICIA

Electric  
merged

The Government is  
merge the gas and  
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Stephen Littlewood  
Offer.

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credit figures from the  
Bank of England  
yesterday took the  
pressure off the  
Monetary Policy  
Committee, which  
needs today to decide  
interest rates need to  
be raised. The Bank's  
Financial Editor, reports  
that base rates are  
expected to remain  
unchanged.

The Bank is expected  
to be unchanged  
week after week  
for September  
and October  
the Bank's  
Financial Editor, reports  
that base rates are  
expected to remain  
unchanged.

سكرا من الاموال



# 23/BUSINESS



## OUTLOOK ON MARKS & SPENCER'S EXPANSION PLANS, BP'S MOVE TO EUROS AND THE LATEST PENSIONS PROBLEM

### Bold Greenbury deserves some applause

Maybe it was because his beloved Manchester United has been knocking in goals by the handful in recent games. Or perhaps it really was the ambitious expansion plans he has just announced, but the normally cantankerous Marks & Spencer chairman, Sir Richard Greenbury, was looking particularly cheerful yesterday. Sir Richard's usual habit is to swat away questions about M&S like an angry rhino swishing his tail at bothersome flies. Yesterday he seemed only too happy to field as much as the press and City analysts wanted to throw at him about M&S's new "dash for growth".

The sheer scale of what this already large company is trying to do bears some repeating: £2.1bn of investment over three years, 5,000 jobs and a 30 per cent increase in its selling space. It is the most ambitious expansion plan in the company's history, the aim being to transform trusty old M&S into a global brand and business.

But though M&S was making an uncharacteristic splash of his plans yesterday, none of this has happened overnight. In truth, M&S has been gradually pressing down on the accelerator for some while now. When it agreed to pay £192m for 19 branches of Littlewoods, this was its first major deal since Brooks Brothers in the 1980s. This year it has also announced plans to enter the mail-order market for the first time.

Bit by bit it has been dribbled out announcements about new stores, in Germany, Poland and Dubai. It already has research teams in South America and Australia. There are 10 branches of M&S in

Hong Kong and the group has been looking at China for some time. Now it is looking at Japan and further expansion in Thailand, Indonesia and Malaysia. Is the demand for affordably priced underpants and salmon en croûte really so great?

All this global ambition is not without risk. M&S's timing in the Far East, for instance, could hardly have been worse. But for the time being Sir Richard is only to be applauded for the boldness of his approach. Moreover, given that half his new expansion programme will take place in reliable old Britain, rivals must be worried sick.

### Can firms foist the euro on the UK?

As the Conservative Party continues to tear itself apart over Europe, and with Labour all in a pickle over its position on EMU, Britain's leading companies are proceeding as if none of this were happening, confident in the assumption that come what may, Britain will be a part of the single currency sooner rather than later.

The latest example of this phenomenon is BP, which yesterday let it be known that it will probably start accounting for the purposes of records and payments to suppliers in euros from the official start date of 1999. Marks & Spencer has already said it will be making its tills euro-compatible, while many large companies are preparing to contract their suppliers in euros by the turn of the century.

This raises the intriguing possibility that there will be a *de facto* introduction of the single currency into Britain by our larger companies regardless of what the politicians and the electorate wants. So is the decision being made for us by big business? The answer seems to be that it all depends on quite how far these companies go.

Kate Barker, chief economist at the Confederation of British Industry, points out that there is an important distinction to be made between the currency a company chooses to denominate its business in and the currency which determines its cost base and supplies. The fact that a large number of companies choose to account in euros may not, in the end, have an appreciable economic effect. It is already not uncommon for big European companies to conduct their business in German marks, regardless of the country they are operating in. The purpose of doing it this way is not that of foisting the Bundesbank on the rest of Europe, but to pass off exchange rate risk on to someone else.

It seems likely that with the introduction of the euro, many more will latch on to this way of making others pay for exchange rate fluctuations.

The extent to which this process will in itself lead to the British economy falling within the ambit of a European-determined monetary policy depends on how deep it goes. So long as it is confined to inter-company and banking payment systems, the effect would probably be superficial. In the event of a sterling devaluation against the euro, for instance, it is impossible to imag-

ine that the likes of BP would stick to the same euro prices with its UK suppliers. Actually what it would do is beat down the supplier to a lower price. In other words, the economic consequence of pricing in euros in this instance would be zero.

However, if companies were to go further, and start paying their employees in euros, so that the UK cost base became euro-denominated too, then we really would start to come under the sway of the European Central Bank and whatever interest rate it decides to set. No British company has yet said it intends to do this but it may be only a matter of time.

### The persistent pension scandal

In April this year, we published an exclusive analysis of charges levied by Britain's insurance companies on the pensions they sell. We showed that up to a third of people who take out a personal pension end up with less than they paid into it. Yesterday, the Personal Investment Authority, that shambling organisation that has tried unsuccessfully to pass itself off as a financial regulator, showed that, if anything, we were far too conservative in our estimates.

The PIA has published its annual "persistence" tables, figures which show the number of people who allow their policies to lapse one, two and three years after taking them out. The tables show that within three years of being sold a personal

pension by a company salesman, one third of people stop paying into them. In many cases, persistency is even worse. Barclays Life has a lapse rate of 59.6 per cent after three years. Black Horse Life, part of Lloyds Bank, achieves a paltry 62.8 per cent. Guardian, owned by GRE, the composite insurer, scores a miserable 55 per cent.

On the available evidence, it now seems fair to say that within five years, less than half of all policies sold are still kept going.

Despite this, insurers continue to sell products with heavy up-front charges that eat up a large chunk of the contributions paid into them in those early years. Forget the pensions mis-selling scandal, which even the most obtuse insurance salesman now accepts involved poor, possibly illegal financial advice. The deeper and more pervasive scandal is that of a huge mass of people who were duped by the small print in their contracts to pay for something that will deliver few returns, if any, at retirement. This time it's all perfectly legal.

Last week, the Department of Social Security was inundated with submissions from insurance companies all keen to contribute to the Government's review of the pensions system. In every case, the submissions called for "low-cost, flexible" pensions, with no penalties for those stopping and starting them. From an industry which has so flagrantly misled and failed its customers, the hypocrisy is quite breathtaking. But at least even the industry now accepts that something must be done.

## Electricity and gas watchdogs to be merged in regulatory overhaul

The Government is to merge the gas and electricity regulators as part of a sweeping overhaul of the regulatory regime designed to improve consumer protection and "de-personalise" the way the two industries are policed.

The changes, as Michael Harrison reports, are likely to see the departures of Clare Spottiswoode from Ofgas and Professor Stephen Littlechild from Offer.

Plans to revamp the system for regulating Britain's privatised utilities will be set out in a Green Paper to be published in January.

The document will back the idea of merging Offer and Ofgas into a single regulatory authority to coincide with the liberalisation of the domestic gas and electricity markets.

But it is also likely to advocate far-reaching changes in the way the different regulatory bodies for the energy, telecoms, water and rail industries are staffed and run.

The Government has come down in favour of de-personalising the regime so that individual regulators are no longer pitted against particular companies. The present system has been criticised for vesting too much power in the hands of regulators and allowing personality conflicts to colour the way industries are regulated.

One option is to replace the individual regulators with regulatory panels. Another is to supplement them with non-executive boards of advisers. There have even been suggestions in some quarters that this practice should be extended to the Office of Fair Trading, particularly given the extensive new powers that the Competition Bill will give John Bridgeman, the director-general of Fair Trading, to clamp down on cartels.

Ms Spottiswoode has already hinted that she may not stay on at Ofgas when her contract expires next October. Ministers do not expect Professor Littlechild to be a candidate to take on the job of



Stephen Littlechild (left) and Clare Spottiswoode are not expected to stay on when the roles of Offer and Ofgas are combined



running a combined regulatory authority either, although his £109,000-a-year contract does not run out until August, 1999. He is the longest serving regulator, having been in the job since 1989. If both he and Ms Spottiswoode move on it would bring to four the number of regulators that have resigned or announced their intention to quit since Labour took office last May. Don Cruickshank is leaving Ofel to return to private industry and Sir Graeme Odgers, chairman of the Monopolies and Mergers Commission, is doing likewise.

In his submission to the regulatory review Professor Littlechild backed the idea of merging Ofgas and Offer, although he said it would be an "onerous" job to run the combined regulator involving a heavy workload. Ms Spottiswoode has also been in favour of a merger for some time since it is now widely agreed that the regulation of the energy industry needs to mirror the way it is now structured.

A number of electricity companies have made inroads into the domestic gas market and last week Centrica, the trading arm of British Gas, announced plans to enter the domestic electricity market when it is thrown open to competition from next April. British Gas has promised to cut electricity bills by 15 per cent.

Analysts said the strength of the credit card component of the September consumer credit data - an above-average £284m - was a cause of concern. "The data will keep some background concern over the possibility that there will be a further increase in interest rates - perhaps as early as this week," said Jeremy Hawkins, Bank America economist, although he thought it more likely the Bank would hold off until financial markets had stabilised.

The view that interest rates should remain unchanged was given support yesterday by a survey of consumer confidence by Business Strategies. Bridget Rosewell, Business Strategies' chair, said there was no sign of an "explosion" in the consumer economy and evidence the housing market was cooling. That, she said, meant interest rates should be left unchanged.

Mr Miller expects UK rates to stay unmoved this month but

to go up to 7.25 per cent next. Analysts said the strength of the credit card component of the September consumer credit data - an above-average £284m - was a cause of concern.

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## NatWest Markets to close global debt arm in Hong Kong

National Westminster Bank is to close the Hong Kong global debt market operations of NatWest Markets, its beleaguered investment banking arm. Some 55 of the 100-strong team stand to lose their jobs. The remainder will be integrated with NatWest's existing global debt market teams in Singapore and Tokyo.

The move, announced yesterday, is part of an ongoing review of NatWest's investment banking business by Chip Kruger, head of NatWest Markets. Mr Kruger is concentrating on "refocusing the investment

banking business", according to a spokesperson yesterday. "It is of benefit to both our clients and our management if we concentrate on markets where we have a competitive advantage," she added.

NatWest stressed yesterday that the Hong Kong decision was unassociated with persistent market rumours that NatWest Markets, like Barclays' investment banking arm BZW, was up for sale. "The decision is purely driven by internal priorities," said a spokesperson.

Speculation that NatWest was about to sell off parts of

NatWest Markets reached fever pitch last week when it was revealed that, after engaging in two weeks of formal talks with Deutsche Morgan Grenfell (DMG), NatWest had received an "unsolicited approach" from DMG for its equities business. NatWest rejected DMG's bid, saying that it was not in the best interests of either "its employees or its shareholders".

Despite its decision to close down its Hong Kong global debt market operations, NatWest still has a sizeable presence in Hong Kong. Its

interests include Coutts, NatWest's up-market retail bank, as well foreign exchange and treasury activities.

Confirmation of the imminent sale of BZW's equities and corporate finance arms remained elusive yesterday, however, with its parent Barclays understood to be locked in final negotiations with the only remaining potential buyer, Credit Suisse First Boston.

Shares in the bank eased back to close at 1,500p as traders worried the delay might be more than just a technicality. - Leo Paterson

## Base rates expected to stay at 7%

Subdued consumer credit figures from the Bank of England yesterday took the pressure off the Monetary Policy Committee, which meets today to decide if interest rates need to rise again. Tom Stevenson, Financial Editor, reports that base rates are expected to remain unchanged.

The Bank of England is expected to leave interest rates unchanged at 7 per cent this week after consumer credit data for September emerged subdued but heavily distorted by the funeral of Diana, Princess of Wales. Economic statistics were skewed, analysts

said, by the widespread half-day closure implemented by many shops on the day of the funeral. "Overall the data are a touch softer than expected, but the distortions in September make the numbers next to meaningless. They certainly won't have a major bearing on Thursday's interest rate decision," said Jonathan Loynes, UK economist at HSBC Markets.

The Bank's Monetary Policy Committee meets today to begin its monthly two-day meeting at the end of which it announces any movement in interest rates. Consumer credit figures, showing a rise of £733m compared with the £1bn increase in August, are expected to persuade the committee that inflationary pressures in the economy are under control. The Bank has been keen to set interest rates at a sufficiently high level to counter the infla-

tionary impact of the building society windfalls paid out in the summer. It had been feared that free share handouts worth more than £30bn would cause an unprecedented spending spree, but much of the windfalls appears to have been saved.

UK retail sales, the main gauge of consumer spending, fell 1.9 per cent in September, the largest fall since April 1991, but the Office for National Statistics said the September annual rise of 3.7 per cent would have been around 5.5 per cent had it not been for special factors, including the Diana effect.

"Economic activity in September was, we think, undermined by the mood of the nation, but this shouldn't be taken as a weakness in the economy going forward," said Mark Miller, UK economist at Morgan Stanley.

Mr Miller expects UK rates to stay unmoved this month but

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## THE INVESTMENT COLUMN

EDITED BY SAMEENA AHMAD

### Profits rise at Dairy Crest

Dairy Crest, the marketing and processing division of the former Milk Marketing Board, has proved a sterling performer since coming to the market in summer of 1996.

Priced at what now appears like a measly 155p, they have risen steadily and closed at 279.5p yesterday, up another 6p.

The company has been tipped as a takeover target ever since it was privatised, but with 60 per cent of the shares still owned by its former producers, any bidder would have its work cut out.

In the meantime, Dairy Crest's management, led by John Houlston, the chief executive, has concentrated on developing its core cheese, spreads and liquid milk operations while fulfilling the pre-flotation promise of improving earnings by 10 per cent a year.

Yesterday's results for the six months to 30 September showed further signs of progress. Pre-tax profits were 13 per cent higher at £18.7m with the earnings target comfortably exceeded.

The best performance was in the all-important consumer foods business, which includes the spreads and cheese operations. Here profits rose by 14 per cent and the margin increased from 5.9 per cent to 6 per cent.

In spreads, the Clover brand was helped by Unilever's decision to pull its Dalesby range. In cheese, Dairy Crest has benefited from the increasing consumer trend from mild to mature and farmhouse cheddar. The group's Cathedral City broad saw sales rise by 30 per cent in the year.

Liquid milk operations managed to edge up profits even though the household market fell by 9 per cent in the East Anglian region and pricing pressures from supermarket customers remain a problem.

The one black spot yesterday was the ingredients business, which was affected by the strength of sterling cutting domestic prices for butter and skimmed milk powder by more than 10 per cent.

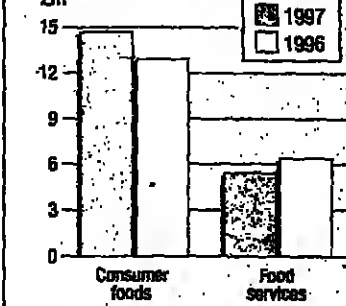
Assuming Dairy Crest hits Heorden Crosthwaite's full-year forecast

### Dairy Crest: At a glance

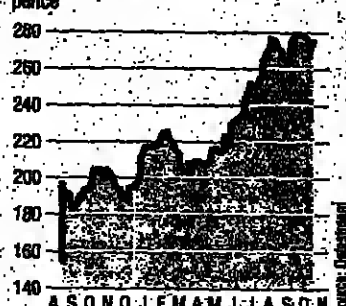
Market value: £309m, share price 279.5p (+6p)

Trading record	1995	1996	1997	96/97	97/98
Turnover (£m)	823.4	750.6	766.9	381.5	392.0
Pre-tax profits (£m)	22.1	31.5	35.5	15.5	18.7
Earnings per share (p)		22.4	19.08	10.5	11.8
Dividends per share (p)			9.8	3.25	3.5

### Operating profit



### Share price



of £41m, the shares trade on a forward rating of 11.

That is a discount to both Unigate and Northern Foods and still reasonable value even after a good run.

### Betterware looks east

Peter Hartley, managing director of Betterware, the plastic housewares retailer, made the best of a disappointing set of figures for the half year to September which saw profit before tax drop nearly 18 per cent to £5.5m in spite of a modest increase in sales.

Interest income fell after last year's special payout. The £1.25m exceptional item, mostly repayment of VAT, which inflated last year's figures, has not been repeated. But operating profit grew by 6 per cent only because of a first-time contribution of £515,000 from overseas businesses.

At home, sales grew by a disappointing 1 per cent and operating profit fell 6 per cent to £5.4m. Mr Hartley blames poor sales performance on the death of Diana, Princess of Wales, two weeks before the half-year end, which

led to salesmen getting the brush-off on the doorstep. It also discouraged the vital recruitment of new salespeople looking to earn pin-money for Christmas.

Recruitment is the group's greatest problem because most of the labour force consists of housewives working in the school-term time, students and casual workers who cannot find a full-time job. The average working span of a distributor delivering catalogues and collecting orders is no more than three months, although most return.

High hopes are pinned on the joint ventures with Avon, the cosmetics firm, in Mexico and Argentina, both of which are profitable after two years, and most recently Brazil.

The company now plans to move into Eastern Europe and Russia, where Avon has already been operating for up to five years and where the public is considered ripe for the Betterware message. Betterware is prepared to put up to £5m into the region before it starts to pay back.

Analysts have scaled back forecasts for the full year from £12m to £11m, equal to 7.1p of earnings. The shares fell 11p to 88p yesterday. On 12.3 times prospective earnings, this is high enough.

### Celsis customers are biting

In this age of the health scare, testing food, water and toiletries for bugs is big business for Celsis. The company makes hi-tech machines based on bioluminescence to detect contamination. Celsis kits are fast and accurate. Agar plate testing, still the norm, takes some five days to process. Celsis machines do the job in 24 hours. A new range of hypersensitive machines will cut that to eight hours.

The snag is that a Celsis system does not come cheap. Persuading conservative big business to stump up an average £40,000 for a start-up kit and change age-old work practices requires good products, persistence and first-class support to keep customers happy. Celsis delivers on all these.

Once customers bite, Celsis is ensured a reliable earnings stream from selling reagents.

Persuaded by a typical five-month payback, Celsis customers are biting. The company has more than 2,000 customers compared with 1,500 in 1996, including blue-chip names such as Unilever and Procter & Gamble.

Sales in the six months to September rocketed 70 per cent to £7m, boosted by a £1m contribution from the Lamac acquisition. That and the group's tight control of overheads and research spending reduced losses from £2.7m to £800,000. Celsis should be profitable by the year end. At present Lamac sales are coming mainly from Europe. A push into the US should boost sales and a marketing tie-up with Becton Dickinson should more than compensate for a lacklustre show from DiversiLever, Celsis' other partner.

Givco the paranoia about food poisoning, the launch next summer of a simple, fast and sensitive litmus paper-style test will be timely, opening a potentially huge market for testing hygiene in places such as restaurants and hospitals. The only question is, when will the Celsis share price move? Floated at 100p in 1993, the group's share price rose 1p back to 100p yesterday. Celsis may seek a US listing to give its shares some oomph. Share price inertia remains the biggest risk for Celsis shareholders. Still, this looks like a quality company. Good value long term.

## PEOPLE & BUSINESS

### LEA PATERSON



Question: What does cider, the favoured drink of the nation's younger drinkers, have in common with ball bearings? Answer: Well, not very much, on the face of it.

But John Rudgard, head of HP Bulmer, the Hereford-based cider maker, would beg to differ. "There are some important common threads," said Mr Rudgard, who yesterday started work as non-executive director at Birmingham ball bearing distributor Wyko Group. So what precisely are these similarities? They are twofold, apparently. First, the importance of distribution to both Bulmers and Wyko. Second, in Mr Rudgard's own words, the commitment of both groups to "quality customer service".

Mr Rudgard reckons his latest post should take up only around 15 days a year. With a bit of luck, he should still be able to indulge in a bit of cycling. "I do try and ride my bike every day," he confided yesterday. "Whatever the weather, you'll find me out on my bike on the hills of Hereford." For the less hardy among us, the prospect of cycling in the miserable November weather is sufficient to send us scuttling back under the duvet. Not so Mr Rudgard, who is also a keen sailor.

In fact, Mr Rudgard's first job was as apprentice navigator for the Cunard cruise liner company. But life on an ocean wave turned out to be less than ideal. Apparently days and days out at sea are not conducive to marital bliss, which prompted his departure for a land-based job. But presumably 15 days a year in Birmingham shouldn't prove too much of a strain.

Robin Miller, group chief executive of Emap, has finally won out in the power struggle to succeed Sir John Hoskyns as non-executive chairman. Mr Miller, who takes the post next July, will be replaced by Kevin Hand, who currently runs Emap's French magazine operations.

Rumours had circulated for months that Mr Hand would soon exchange *steak frites* for roast beef on returning to England, so analysts were not surprised at yesterday's announcement. Sir John has previously indicated he would retire at the company's annual general meeting in July. Mr Hand became head of Emap France in 1994

when the group acquired *Les Editions Mondiales* for £106m. Since buying *Tele Star* for £139m, the company now has a 17 per cent share of the French consumer magazine market.

Emap must hope the management changes will mark the end of a period of boardroom turbulence at the company. Last autumn, Mr Miller became embroiled in a dispute over succession with David Arculus, Emap's former managing director and now chief operating officer of United News & Media. The wrangle indirectly resulted in the ousting of two non-executive directors, Ken Shummonds and Joe Cooke.

Emap also announced yesterday that Adam Broadbent would join the board as a non-executive director. Mr Broadbent was a director of Schroders, where he was group managing director of investment banking, based in New York.

What with Deutsche Morgan Grenfell failing to get its hands on parts of NatWest Markets and the well-publicised efforts of Martin Taylor, head of Barclays, to flog BZW, John Dewhurst, ex-manager of acquisitions at ICI, has picked an apt time to launch his book, *Buying a Company - The Key to Successful Acquisitions* is launched tomorrow and provides "a step-by-step guide to the intricacies of purchasing a business".

Mr Dewhurst should know a thing or two about buying companies. During his time at ICI, he was involved in more than 300 acquisitions and more than 300 disposals. He wheeled and dealt businesses worth around £7bn.

For the acquisitive Rolf Breuer, head of Deutsche Bank, there is plenty of sound advice. Mr Dewhurst offers words of wisdom on all aspects of the process, from initial evaluation of targets to post-acquisition management.

And for Mr Taylor of Barclays and Derek Wanless, head of NatWest, there is also a chapter on selling a business. Apparently the most important thing for the seller to remember is that he is in "complete control of the process of selling from its initiation to its completion".

Words of comfort, no doubt, to Mr Taylor and Mr Wanless. Some scurrilous observers may have thought the two senior executives were not in control of events at all, but rather were forced into action by discontented shareholders. Thank heavens Mr Dewhurst has put paid to such notions.

The latest edition of Credit Lyonnais Laing's review of investment trusts lauds the often-overlooked smaller company. It argues that fund managers should be overweight in companies with small market capitalisation in their portfolios. Hence the snappy title of the edition, *Overweight in Small Caps* (caps, of course, stands for market capitalisation). The picture accompanying the title is of Tweedledum and Tweedledee.

Tom Tait-Dalton, investment analyst at Credit Lyonnais Laing, was at pains to point out yesterday that any likeness to any paunchy fund managers was purely coincidental. "It is a genuine concern," he said, adding that Tweedledum and Tweedledee were, in fact, modelled on two recent recruits to the investment trust team, Jamie Lowe and Matthew Kinkaid.

"But of course we acknowledge the fact that there are a number of well-lunched fund managers," he quipped diplomatically.

### Director's resignation pushes Redland break-up closer

A break-up of Redland, the building materials group defending itself against a £1.7bn hostile bid from French rival Lafarge, came a step closer yesterday with the resignation of Helly Bruhn-Brass, a Redland non-executive director and key shareholder in RBB, Redland's German roof tiles business.

Ms Bruhn-Brass is understood to have resigned over issues of conflict after Redland said last week it was negotiating to sell its 56.5 per cent stake

to the Braas family. Ms Bruhn-Brass, the daughter of the founder of the Braas roofing business, speaks for 31.5 per cent of the Braas family's 43.5 per cent stake in RBB. Her resignation from Redland's board would clear the way for a management buy-out of RBB by its minority shareholders.

Rudolph Agnew, Redland's non-executive chairman, said he had not sought Ms Bruhn-Brass' resignation, but she had probably been advised by her

brokers, Lehman Brothers, to resign over possible conflicts of responsibility. "It is her decision. But the fact that we have disclosed that we are in discussions with the Braas family had made it awkward for her. She would have found it hard to stay on," he said.

Mr Agnew would not comment on whether talks with the Braas family over RBB had progressed or on the stage of talks with other companies to buy Redland's aggregates compa-

nies: "We are still examining all the options. We are still in talks with a variety of people."

A spokesman for Redland said nothing was imminent. "We have completed talks we need to come up with an optimal structure to present an alternative to our shareholders to Lafarge's bid."

Redland's share price closed 4.5p down at 329.5p amid hefty selling but still above Lafarge's 320p cash offer.

- Sameena Ahmad

### Thames Water fired up over regulator's leakage figures

Thames Water is to divert £40m from its discretionary investment programme next year to help meet tough new compulsory leakage targets from Ofwat, the industry watchdog.

The group yesterday hit back at Ian Byatt, the regulator, who had singled out Thames and Webb Water, the two least leaky companies, as the worst offenders. Thames will have to cut its leakage by 19 per cent next year, but the company insisted it had already reduced

its leakage rate this year by 10 per cent.

Bill Alexander, Thames Water's chief executive, said: "It's a big disappointment that Ian didn't draw attention to that and see fit to take into account this new information."

The attack came as Thames revealed an 11.6 per cent increase in its dividend payout, against a more modest 7 per cent rise in profits in the six months to the end of September to £202m. Including the

group's £231m windfall tax bill, charged against the half-yearly accounts, Thames reported losses of £61.2m.

The group sought to head off criticism of bumper dividend increases, arguing that the payout from its main regulated water and sewerage operations rose by just 7 per cent to £48m. Thames said the rest of the headline dividend increase had come from its non-regulated businesses, where profits more than doubled from £9m to

£19m. Despite the improvement, Thames shares slumped by 37p to 873p, ending a two-month surge in which the share price had outperformed the stock market by 9 per cent.

The company also attacked the way Mr Byatt had prepared his leakage figures, showing the amount of water lost per household. David Luffman, finance director, said: "The important thing about leakages is what it's economic to do."

- Chris Godsmark

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Damning evidence has emerged to show that hundreds of thousands of people who pay regularly into pension plans risk losing thousands of pounds each when they retire.

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## People lose thousands of pounds after pulling out of pension plans early

Damning evidence has emerged to show that hundreds of thousands of people who pay regularly into personal pensions risk losing thousands of pounds each when they halt contributions, writes Andrew Verity.

The Personal Investment Authority (PIA), the financial regulator, yesterday released figures showing that more than one-third of all people who bought regular-premium pensions from life insurance sales people stopped paying contributions within three years.

The figures show many of the UK's biggest names, including Lincoln, Allied Dunbar, Guardian Financial Services, Black Horse Life and Barclays Life, have even poorer so-

called "lapse rates". Separate research by Alan Lakey, an independent financial adviser writing for *Money Management* magazine, shows that many of those who lapse their policies early risk losing out because of heavy initial charges. He said yesterday: "No wonder the public places such little trust in the industry."

The PIA figures show that, after three years, 45 per cent of all regular premiums going into Lincoln's pensions have stopped. After two years, 30 per cent have lapsed their policies. Joe Palmer, chairman of the PIA, said: "Persistence is an important indicator of the quality of business that a firm has transacted. Although these results show that progress has been made, the industry will need to work very hard to reduce the lapse rate and regulators will be paying particular attention to the weaker performers."

Among the worst lapse rates identified in the PIA report, Guardian Financial Services, part of the insurance giant GRE, has a persistency rate of barely 35 per cent.

Norwich Union, which recently floated on the stock market, is marginally above average over three years, with 67 per cent still paying into its plans. Legal & General, where Mr Palmer was chief executive until joining the PIA, barely rates 64 per cent. Among the best companies are Standard Life, with an 88 per cent persistency rate, and Scottish Amicable, with 83 per cent.

Mr Lakey's research shows that those who do lapse their policies with Lincoln receive a poor return because of the way the company extracts its charges. After two years of paying £200 a month - a total of £4,800 - their pension would be worth just £1,346, even assuming annual growth of 9 per cent for each year.

The research shows that if left to grow over the next 28 years, the plan would be worth only £8,127, less than one-third of what it would be worth with the average company.

Lincoln said it had changed the way it extracted charges from its pension contract so there were no penalties for stopping and starting payments. However it has no plans to rectify the situation for past policyholders.

A Lincoln spokesman said: "The persistency of our policies is low because we allow people to switch policies and because we have made a number of acquisitions in the last few years, such as Laurentian."

"Many said they would go back into our policies if they had the opportunity," according to Mr Lakey's analysis, first published in *Money Management*. Allied Dunbar shows the worst value for money when policyholders lapse after paying in for five years.

Despite five years of paying £200 a month, holders of a regular-premium personal pension will have just £9,149 in their pension fund after investing £12,000.

A spokesman for Allied Dunbar said: "Our financial advisers always say that a pension is a medium to long-term investment. We will strenuously push that point in our sales documents."



Margaret Beckett: Remit from PM to stop subsidy-bid wars by regions Photograph: Brian Harris

## DTI to vet UK inward investment projects

Tony Blair has authorised the President of the Board of Trade, Margaret Beckett, to take charge of the way Britain attracts prestige inward investment projects in order to stop subsidy-bidding wars between rival regions of the country.

The Prime Minister has become increasingly concerned that taxpayers are not getting value for money because different areas of the country compete for the same projects, resulting in inward investors being offered bigger financial incentives and aid packages than would otherwise be the case.

Mr Blair's intervention was disclosed yesterday by Mrs Beckett in evidence to the Commons Trade and Industry Select Committee. She told MPs that the Prime Minister had ap-

proved a so-called concordat under which all bids for inward investment projects would be vetted by the industrial development unit of the Department of Trade and Industry.

Britain has historically been by far the most successful country in Europe at attracting inward investment. About one-third of all inward investment into the UK, safeguarding or creating some 900,000 jobs since 1979. At the end of last year, Britain's stock of inward investment stood at £150bn with more than £100bn of that having been committed in the last 10 years.

Among the biggest projects secured by Britain are the Nissan and Toyota car plants and £1bn plus investments in the north east by Siemens of Germany and the Korean

electronics group Samsung.

However, the sheer degree of rivalry to win projects, particularly between the Welsh and Scottish development agencies, has led to subsidy levels being bid upwards significantly. Henceforth, all "indicative offers" of support will have to be cleared by the DTI although the vetting body will include representatives from the Welsh, Scottish and Northern Ireland departments.

In a wide-ranging session with the Committee, Mrs Beckett also indicated that the Government was unlikely to step in directly to help Britain's coal industry from further decline. The industry, led by RJB Mining, is calling on the Government to halt any further gas-fired power stations.

— Michael Harrison

## Manufacturers pitch for digital contracts

Manufacturers were yesterday lining up to pitch for the contract to make set-top boxes for digital terrestrial broadcasters. British Digital Broadcasting, the group owned by Carlton Communications and Granada Group, the BBC, ITV, Channels 4 and 5, Teletext and S4C have all agreed specifications for the boxes which unscramble digital television signals. Manufacturers likely to be interested in supplying the boxes include Pace Micro Technology, Sony, Panasonic and Amstrad. BDB is expected to be granted a licence by the Independent Television Commission within weeks and a chief executive is to be appointed before Christmas.

## Rolls to supply Air Canada

Rolls-Royce has won an order worth up to \$450m (£268m) from Air Canada, which is acquiring nine Airbus Industrie A330-300 aircraft and taking options on a further 10. Air Canada has chosen the 230-tonne, increased weight A330-300 aircraft, which will use Trent 772 engines made by Rolls-Royce. Deliveries of the twin-engine aircraft will begin in October 1999 and continue to October 2001. Rolls-Royce said the order would increase its share of the engine market for the A330 family to 39 per cent, with Air Canada becoming the ninth customer for the Trent 700-powered aircraft.

## Meyer to buy Torex sites

Meyer International said its Jewson builders' merchants division planned to buy 22 tool hire and catering equipment hire branches from Torex Hire. It said the acquisition of leasehold properties, fixed assets and stock would cost £10m in cash. The 22 branches had sales of £6.1m in 1996, generating a profit before interest and tax of £865,000.

## Hays acquires DEI Group

Hays has acquired DEI Group, the document management services company, for £17m. Subsequent payments of up to £3.5m may become payable depending on the level of DEI's profit from completion of the transaction to 31 December 2000. In 1996 the company made operating profits of £1.4m.

## Personal pensions sold by company representatives

(Regular premium)

Business Year:  
Persistency Term:

	1994 2yr %	1993 3yr %
Abbey Life	77.3	87.5
Abbey National Life	70.9	64.7
Albany Life	67.2	56.8
Allied Dunbar	76.2	68.3
AXA Equity & Law	78.0	70.8
Barclays Life	68.1	58.8
Black Horse Life	71.5	62.8
Britannia Life	92.5	87.0
Britannia Assurance	64.1	56.4
Combined Life	65.2	58.4
Commercial Union	76.7	68.4
Co-operative Insurance Society	78.2	70.0
Eagle Star Life	77.0	64.5
Friends Provident	78.5	67.8
GAM Life & Pensions	78.1	70.0
General Accident Life	81.7	75.3
Guardian Financial Services	65.2	55.2
Hambro Assured	69.4	60.0
J Rothschild	84.4	78.0
Legal & General	75.0	64.4
Lincoln	69.6	56.7
London & Manchester Assurance	74.2	63.4
MGM Assurance	69.2	58.4
Midland Life	76.7	68.4
Natwest Life	76.2	67.4
Norwich Union	73.9	63.5
Paarl	75.6	68.8
Provident Mutual	76.4	68.4
Refuge Life	74.6	65.2
Reliance Mutual	66.7	56.4
Royal & Sun Alliance	68.5	58.0
Royal London Insurance	73.2	62.9
Savoy & Prosper	71.5	67.9
Scottish Amicable	87.4	83.4
Scottish Widows Fund	63.8	74.7
Standard Life	88.9	88.0
Sun Life	74.1	58.9
Sun Life of Canada	78.5	78.3
United Friendly Insurance	66.5	58.6
Wesleyan Assurance Society	70.1	62.7

Source: Personal Investment Authority

## BAM fined £50,000 by Imro

A subsidiary of Banque Nationale de Paris was yesterday fined £50,000, ordered to pay compensation of £502,000 to 24 customers and costs of £47,850 because it failed to control a fund manager who dealt without authorisation after arranging a new issue of shares.

Bali Asset Management (BAM), which is based in Piccadilly, London, accepted charges that it had failed in its internal organisation and did not have effective procedures to record all information on its customers.

Imro, the fund managers' regulator, announced that BAM had failed to supervise a fund manager who dealt in the secondary market of a new share issue in August 1995. BAM had failed to document a limit placed on the level of dealing the fund manager was allowed to undertake.

Imro said BAM had failed to ensure customers knew the risks of the investments it was making and also failed to secure proper agreements with four of its customers. It had also failed to keep records of important facts about its private customers as soon as it became aware of them.

Omar John Khayat, a former employee of the BNP subsidiary, Bali Asset Management, was yesterday expelled from membership of Imro.

Imro issued a separate statement saying Mr Khayat had misrepresented himself to his manager and other BAM staff and misrepresented how much dealing he undertook. He had claimed deals had reported late when they had not, delaying the processing of deal tickets.

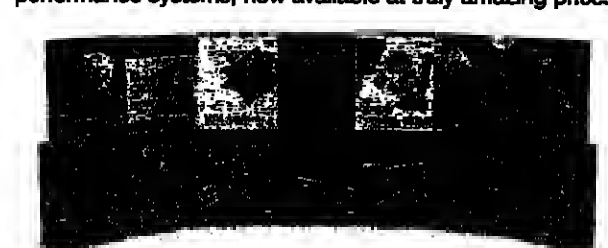
Mr Khayat also dealt over his own firm's limit in the share issue. He allocated shares acquired on behalf of BAM customers without following procedure.

"As a result of the above, Imro does not consider Mr Khayat to be fit and proper to act as a registered individual," the statement said.

## MJN Best Buys

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- Intel Pentium 233MHz Processor with MMX Technology
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£999 - VAT

£1173.83 Inc. VAT

Model:788

Standard Features: Windows 95, Lotus SmartSuite 97, Quicken, Pressworks, DesignWorks, Homewize, Lotus mail, IBM Antivirus and Smartpics preloaded, Soundforce 525 mains powered speaker system, 3.5" 1.44Mb floppy drive, PS/2 mouse, 105 keyboard, software MPEG; Yr 2000 compliant BIOS; PS/2 mouse port, fast serial port, parallel port and games port. 1 year warranty extendable to 5 years.

Printer Options: Epson Stylus color 720 X 720 dpi inkjet printer £129 +VAT = £151.58 inc. VAT (select required cable option).

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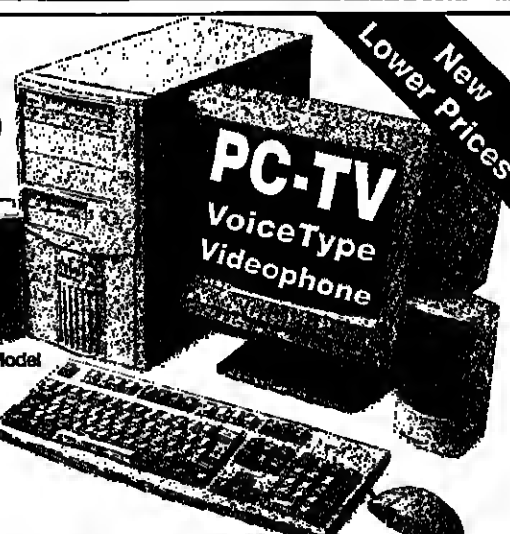
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- 24 speed MAX LG CD-ROM drive
- Creative Labs 3D wavetable sound
- 14" SVGA 0.28dp screen (15" £70 +VAT = £82.25 extra; 17" £220 +VAT = £258.50 extra)
- 512K pipeline burst cache
- VideoPhone receive for incoming videophone calls
- Voice recognition with IBM Simply Speaking GOLD
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- All standard features below

£1199 - VAT

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Model:789

Standard Features: Windows 95, Lotus SmartSuite 97, Quicken, Pressworks, DesignWorks, Homewize, Lotus mail, IBM Antivirus and Smartpics preloaded, Soundforce 525 mains powered speaker system, 3.5" 1.44Mb floppy drive, PS/2 mouse, 105 keyboard, software MPEG; Yr 2000 compliant BIOS; PS/2 mouse port, fast serial port, parallel port and games port. 1 year warranty extendable to 5 years.

Printer Options: Epson Stylus color 720 X 720 dpi inkjet printer £129 +VAT = £151.58 inc. VAT (select required cable option).

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- 8Mb AGP ATI Rage Pro 3D graphics
- 24 speed MAX LG CD-ROM drive
- Creative Labs 3D wavetable sound
- 14" SVGA 0.28dp screen (15" £70 +VAT = £82.25 extra; 17" £220 +VAT = £258.50 extra)
- 512K pipeline burst cache
- VideoPhone receive for incoming videophone calls
- Voice recognition with IBM Simply Speaking GOLD
- MJN ATX system with Intel 440LX PC97 chipset
- All standard features below

£1599 - VAT

£1878.83 Inc. VAT

Model:790

Standard Features: Windows 95, Lotus SmartSuite 97, Quicken, Pressworks, DesignWorks, Homewize, Lotus mail, IBM Antivirus and Smartpics preloaded, Soundforce 525 mains powered speaker system, 3.5" 1.44Mb floppy drive, PS/2 mouse, 105 keyboard, software MPEG; Yr 2000 compliant BIOS; PS/2 mouse port, fast serial port, parallel port and games port. 1 year warranty extendable to 5 years.

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## Smith's hard labour meets with a degree of success

As Britain's No 1 female tennis player, Sam Smith attracts far less attention than either her successful male counterpart, Greg Rusedski, or his rival Tim Henman.

Smith, however, has a deep sense of personal achievement, as she explained to John Roberts while preparing for next week's National Championships at Telford.

When Sam Smith was a junior, the story goes, she once made a point at a tournament by climbing a tree and refusing to come down. "Well," Smith responds, "if there was [a story], it was a very long time ago. I can assure you that I'm extremely determined and very single-minded. I think that's all I'm going to say on that one."

There can be little doubt that the obdurate side of Smith's character rescued her career, enabling the 25-year-old from Essex to climb to No 97 in the world two months ago.

"I think when people say, 'Why aren't you doing brilliantly?' or 'Why aren't you this?' and 'Why aren't you that?' they don't seem to realise that, firstly, I've come back from four years out of the game, which very few people have done, and that secondly I've actually beaten a very difficult illness as well. So for me to even come back was like winning Wimbledon."

Some young people take a year out from university. Smith took four years out

from tennis to study. "I had post-viral fatigue syndrome at the same time, so I didn't really have much choice," she says. "It all sort of happened in one. I didn't really know what was wrong with me. Nor did anyone else. A lot of people just thought I was being really lazy or unmotivated."

"I got selected for the Olympics in 1992, and it wasn't till I went to the Olympic clinic that they realised that there was something quite radically wrong. I wasn't well enough to continue in tennis. It was very debilitating, and I just thought, 'Well, I might as well do something useful.'"

Would she have gone to university in any event, or continued with her tennis? "It's too hypothetical to say. I had to fight very hard to keep focused on my studies and participate in student life and, particularly the first term, I was extremely tired all the time and always used to fall asleep in lectures. But gradually I managed to beat it."

Smith's reward was a degree in history from Exeter University in the summer of 1995 and a renewed determination to make the most of the present and the future.

"I just thought, 'Right, I'm going back into tennis 100 per cent, and I'm going to make it work'. I'm not really thinking about falling back on anything, regardless of what other qualifications I have. And I can't think, 'Oh, it's okay I've lost today, because I've got a degree behind me'. I just went back into it to do well."

"Everything that I've done since then is a bonus. To break into the top 100 was something I could have never imagined four or five years ago. People don't seem to realise just how much I've had to go through



Sam Smith: 'People just don't seem to realise just how much I've had to go through'

Photograph: Victoria Mathers

just to reach the point I'm at now. If they did, maybe they wouldn't be so critical."

In her absence, Smith discovered, the game had "got a lot faster and the depth had got a lot deeper and people were a lot quicker and a lot stronger and were hitting the ball a lot harder."

"But the good thing about being out so long was that I had

a very clear perspective on exactly what I needed to do and exactly what was happening in the game. I didn't shy away from it. I've made enormous changes in my game over the last two years to compete. I think a lot of them I've done successfully, and it's an ongoing process."

Her endeavours attracted sponsorship from a firm of Southampton solicitors, Ensor

Byfield, and Master Speed Press, whose boss, Terry Brady, is the father of Karren Brady, Birmingham City's chief executive.

"Obviously the financial backing is really important, it takes a bit of pressure off me," she says, "but also the fact that people have got confidence to sponsor me is a real boost."

To some, being the British

No 1 probably seems quite glamorous. "I think if I was in the men's game and I was a top 100 man, then the lifestyle would be more glamorous," she says, "but for the women this year, because they've changed the ranking system, it's been very tough, and people have been in qualifying ranked sort of 30 and downwards."

With five other British

women now scuffling in the world's top 200, Smith is no longer isolated. "I was until probably the middle of this year, when a couple of girls did well at Wimbledon," she says. "Ever since I've been back I've been completely isolated. It's only been the last couple of months that I've seen any of the other Brits at any of the tournaments I've been playing."

Her health restored, Smith is keeping busy. "The past year I've done a mixture of things. I've played qualifying for all the WTA events, when I can. I've played main draws for Challengers and \$25,000 events."

"I've spent a lot of time in the States, 12 weeks, maybe more. I've been in Europe. I haven't really bothered with Asia. I went to Australia earlier in the year."

"I've actually really enjoyed all the travelling. It's been a tiring year, but it's been so worthwhile and I feel I've benefited so much from the amount I've played."

"When I came back, I didn't know what was going to happen from one week to the next. I said within two years I'd really want to be in the top 100, and that's exactly what I did. Unfortunately, I was defending so many points at that time that I've slipped just outside the top 100 now [to No 126]."

"I was hoping to do better at Wimbledon, but that didn't happen. I'll concentrate now on improving my ranking and getting back in the top 100, which is completely possible."

"Hopefully, I've got a chance to win the Nationals, which would be great, and have another crack at Wimbledon next year. So I've got a lot to play for."

## Cash looks to set up league in Europe

A consortium including the former Wimbledon champion, Pat Cash, is trying to establish a European City League. Cash and his colleagues want to establish teams to represent major cities in Europe.

The former British Davis Cup player John Feaver, now the LTA Events and Communications Director, believes the idea may be ill-conceived, however. "I would think that players ranked between one and 100 would hardly be interested," he said. "They are all making so much cash these days they are all after rankings rather than money."

Two months after reaching the fourth round of the US Open, Andre Agassi has elected to play in a Challenger tournament. Agassi requested and received a wild card to play in the Luxor Las Vegas-USTA Challenger next week.

Challenger tournament fields are usually comprised of players ranked below No 100 in the world. The former world No 1, eighth at the beginning of the year, is currently No 139.

Last week, Agassi received a wild card into the Australian Open in January, and Paul McNamee, the Australian Open tournament director, said: "For a player of his level to go back to the small tournaments, the minor league if you like, is quite incredible. Andre realises he needs to get some matches under his belt, and hopefully that means he will be better for it when he gets here."

Serena Williams, the younger sister of this year's beaten US Open finalist Venus Williams, upset the Russian ranked No 27 in the world, Elena Likhovtseva, 6-3, 7-5, in the first round of the Ameritech Cup women's tournament in Chicago. She was due to play Iva Majoli late last night.

## United

Everything is new in footballing circles. Alex Ferguson, Holger reports, is the biggest challenge facing the Manchester United manager. A striker to leave tonight's Champions League game.

A league in Europe? English clubs and non-English clubs are in mind.

## Handicaps Dalglish's

Injuries and suspensions have dogged Newcastle European campaign. Dalglish is a key player in the team's frame of mind for tonight's match against PSV Eindhoven.

There is a lot of talk about the club's strategy. Dalglish is a key player in the team's frame of mind for tonight's match against PSV Eindhoven.

That is the cap with which Dalglish has been chosen for the Dutch team. Dalglish is a key player in the team's frame of mind for tonight's match against PSV Eindhoven.

There is a lot of talk about the club's strategy. Dalglish is a key player in the team's frame of mind for tonight's match against PSV Eindhoven.

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صكرا من الامم



# United refuse to take Feyenoord win for granted

Everything is rosy in the footballing garden of Alex Ferguson. Guy Hodgson reports on how the biggest dilemma facing the Manchester United manager is which striker to leave out of tonight's Champions' League game.

A happy scene is developing on Manchester United's travels in Europe. Kosic sacked their coach just before they met the English champions last month and now Feyenoord approach tonight's match in a similarly leaderless condition. It brings to mind Napoleon's prefer-

ence for lucky rather than good generals. Fate seems to be beaming unctuously at Alex Ferguson. He has lost his captain, Roy Keane, to a cruciate ligament injury, but that apart the season could hardly be going much more in plan. Three wins in the Champions' League, a four-point lead in the Premiership and his side bursting with goals - the United manager must fear opening his eyes in the morning in case the whole thing is a dream. To put his worries in perspective, the biggest headache Ferguson tonight will be which of his goal-laden strikers he will have to omit. Compare that to Feyenoord, who had to put a profile of their 71-year-old pres-

ident in the match programme because there was no coach to write about, and you get problems on a different scale. Like David Platt, Arie Haan lost his job soon after the Old Trafford defeat, and tonight Feyenoord will be under the direction of Geert Meijer, who played for Birmingham City in the 1970s and who will be assisted by the former Nottingham Forest and Tottenham midfielder player, Johnny Metgod. This will be a temporary arrangement because the former Netherlands and Real Madrid coach, Leo Beenhakker, is understood to be negotiating a release from his directorship at Vitesse Arnhem - and it is his imminent arrival that concerns Ferguson. "A new man comes in," he said, "and sometimes that provokes a response from the players. Our concentration will have to be very good. At the moment we're playing well and hopefully that confidence and form will carry over into this match. It won't be easy because although we could have scored more goals at Old Trafford, Feyenoord played some nice football," Ferguson said. United won the home match with last season's Dutch runners-up 2-1, but they wasted so many chances in the process that Ferguson berated his players for possessing the killer touch of Mary Poppins. Barnsley and Sheffield Wednesday have borne the backlash since with 13 goals, which in turn has

produced a dilemma of a different kind for the manager. Andy Cole, the prolific striker-in-chief against Feyenoord, has scored five times in two matches since, but his renewed confidence is not so robust to stand rejection now. So the choice of who should stand down for the fit-again Ryan Giggs would appear to rest between Ole Gunnar Solskjaer, who has made most of Cole's goals, or Teddy Sheringham, whose best performances since his move from Tottenham have been in Europe. To complicate matters, all three strikers scored twice on Saturday, but Ferguson is the last man to dwell on such trifles. "The important thing is that we pick the right team for this match," he said, refusing to be drawn on his choice. "The result is the important thing." If United win tonight they will have 12 points from four games in Group B and it will take a strange combination of scores to deny them a quarter-final place as one of the best two runners-up at worst. Already European perception of the team has changed from one that lost five games and was lucky to reach the semi-finals last year to another that has a realistic chance of winning the competition. "Any player wants to do well in Europe," Ferguson replied to a Dutch journalist who wondered whether United are good enough. "It's a matter of pride, of improvement and a mark of their ambitions."

## Handicaps add to Dalglish's defiance

Injuries and suspensions have dogged Newcastle's European campaign but Simon Turnbull finds Kenny Dalglish in a positive frame of mind for tonight's match against PSV Eindhoven.

There are to be no official bonfires in Newcastle tonight. The city council has delayed them by 24 hours. The hope is that Newcastle United will be keeping the home fires burning. Not that anyone is expecting a repeat of the pyrotechnics which lit up St James' Park the last time Newcastle played there in the Champions' League. For one thing, Faustino Asprilla, who sparked the spectacular 3-2 beating of Barcelona, will be confined to a seat in the Milburn Stand.

That is not the only handicap with which Kenny Dalglish has to contend as he plots how to bring about the downfall of the Dutch champions, PSV Eindhoven. Alan Shearer is also still on the injured list, David Batty and Robert Lee are suspended, and his defence is in apparent disarray.

There was a hint of the bunker mentality in Dalglish's pre-match press conference. "There's a defeatist attitude that seems to be hanging round the place like a bad smell," Dalglish said, "but we're going into the game in a positive frame of mind."

It is difficult not to sympathise with Dalglish's plight. He has been deprived of not just Asprilla and Shearer but of Stuart Pearce and Alessandro Pistone too.

Newcastle have, as Dalglish felt obliged to remind the critics, still made their mark in the Champions' League, beating Barcelona and drawing against Dynamo Kiev. They were rather tame 1-0 losers in Eindhoven a fortnight ago but they



Graeme Souness, the new coach of Portugal's Benfica, leads his team in a training session in Lisbon yesterday. Martin Pringle (left) and Nuno Gomes (centre) keep a respectful distance from the former Liverpool manager. Photograph: Luisa Ferreira/AP

## Away goal enough for Twente

Twente Enschede have moved into the third round of the UEFA Cup thanks to the away goal rule after drawing 0-0 with Aarhus in the second leg of their second-round match yesterday.

A goal in Denmark in the first leg's 1-1 draw was enough to see the Dutch side make progress.

Allan Resse almost broke the deadlock for Aarhus in the 55th minute, but his curling right-foot shot crashed into the bar after beating Sander Boschker, the Twente goalkeeper.

However, Twente had the best chance of the first half when Anwar Ayyup headed on a corner from the right by Theo Ten Cate, only to see Michael Nombro clear it from the line. Aarhus, desperate for a goal, wasted their best chance

## Jackson's recovery aided by Parkhead goal

However, Jackson was delighted to get back on target 24 hours after he was named in the Scotland squad to face France in St Etienne next Wednesday.

Jackson, making his first appearance at Parkhead since his operation, equalised for the reserves in their 2-2 draw against Dunfermline. He put Celtic level after 72 minutes when he steered home Tommy Johnson's knock-down from six yards.

Jackson had earlier shown no reservations about heading the ball when he powered an effort against the crossbar. He played for the full 90 minutes and coach Wim Jansen, watching from the stand, must have been impressed with his player's third comeback match, although Celtic's first Old Firm derby of the season with Rangers at Ibrox on Saturday may be too soon for him.

## French post times for World Cup

Those football fans who like to book their favourite armchair well in advance might like to know that next summer's World Cup final at the Stade de France in Paris will kick-off at 8pm British Summer Time.

However, settling down to watch the opening game of the 32-nation tournament - featuring England, Scotland and possibly the Republic of Ireland - on 10 June will mean kicking the cat off its favourite cushion before 4.30pm.

The workers will not miss out entirely, with all 10 World Cup stadia, apart from the Stade de France in Bordeaux, staging at least one after-dinner match because of the problems the setting sun causes TV cameras.

First-round matches will kick-off at 1.30pm, 3pm, 4.30pm and 8pm. Second-round and quarter-final matches will start at either 3.30pm, or 8pm, while semi-final action will begin at 8pm.

The Scotland midfielder Paul Lambert should complete a £1.7m move to Celtic from Borussia Dortmund tomorrow. Lambert will end his career in Germany after tonight's Champions' League match against Parma. David Hay, dismissed as Celtic manager 10 years ago, has been sacked as the club's assistant general manager.

Colin Hendry, the Blackburn defender and a key member of Scotland's World Cup squad, is to see a specialist about the knee injury he suffered in the 1-1 draw at Barnsley last weekend.

Peter Beardsley's unhappy spell at Bolton may lead to an approach from his former Liverpool team-mate Kevin Keegan, now at Fulham. John McGinlay's move to promotion chasing Bradford City is off after Bolton refused to lower their £520,000 valuation.

Nottingham Forest have made an offer for the Everton striker Graham Stuart.

## SQUASH

### Nicol beats Meads then predicts victory in Malaysia

Scotland's world No 2, Peter Nicol, launched his quest for the men's world open title in Kuala Lumpur with a straight-sets victory yesterday - and then said he was confident of lifting the crown.

Nicol, who moved up to No 2 behind Jansher Khan in the rankings on Saturday, beat England's Stephen Meads 15-7, 15-8, 15-7 in 32 minutes.

The 24-year-old Scot, who plays David Evans of Wales in the second round tomorrow, said: "I've been doing really well lately and I believe I will return home with the title."

Nicol's rise in the rankings comes in the wake of three victories over Jansher, the last being in the Kuwait Open semi-finals last month.

Nicol, 24, is one of the favourites to take the title this year, when England's Mark Calvo beat the host country's sole representative, Kenneth Low, with an easy victory, 15-8, 15-11, 15-9 victory.

## BASKETBALL

### England coach breaks his arm playing

The enthusiasm of Laszlo Nemeth, the England coach, to practice what he preaches has cost him a broken arm and the 46-year-old Hungarian has returned home for surgery.

Playing for City of Leeds in the local league, Nemeth adopted the correct defensive position to block an opponent's drive, but on taking the charge, crashed to the floor and fractured an elbow.

Watford Royals, bottom of the Budweiser League after losing all 12 games, hope to have new American Philip Powe for Saturday's visit to Derby.

They have also applied for a work permit for the American Cleave Lewis, who has been playing for National League Division One club Guildford.

SARISBURG CLASSIC COLA NATIONAL CUP Quarter-final draw: Thames Valley v Greater London; Birmingham v Worthing; Sheffield v Leicester; London Towers v Manchester.

— Richard Taylor

## SPORTING DIGEST

### American football

NFL: Kansas City 13 Pittsburgh 10. EASTERN DIVISION

Team	W	L	T	PF	PA
NY Jets	5	2	0	222	172
New England	4	3	0	220	210
Buffalo	3	4	0	194	210
Indianapolis	3	4	0	181	200
Philadelphia	2	5	0	161	200

### Boxing

A former Yugoslav boxing champion, who received a controversial gold medal in the 1984 Olympics, was shot and seriously injured yesterday in the Bosnian Serb town of Banja Luka.

Antoni Jovcovic was awarded the gold medal in the 1984 Olympics when he defeated a Bulgarian opponent.

He was shot in the head and chest by a sniper's bullet while he was in the crowd at the awards ceremony.

He was taken to a hospital in Banja Luka, where he is now lying in a coma.

His death has caused outrage in the international boxing community.

The International Boxing Federation (IBF) has called for an investigation into the circumstances surrounding his death.

The IBF has also expressed its condolences to the family of the deceased.

The death of Jovcovic is a tragedy for the boxing world.

He was a highly respected and successful boxer.

His death has left a void in the boxing community.

We will miss his presence in the sport.

His death is a reminder of the dangers of war.

We hope for a peaceful world.

His death is a tragedy for all of us.

We will never forget him.

His death is a tragedy for the boxing world.

We will miss his presence in the sport.

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### Drugs in sport

Two Canadian athletes, Australian Winter Olympic coach for Nagano have tested positive for steroids, the AOC president John Coates confirmed yesterday.

Coates said the two athletes had tested positive for steroids, the steroid used by Canadian Ben Johnson at the 1988 Olympics.

The tests were taken at an Olympic team assembly in Sydney in September but Coates has said that under current policy, the AOC will not name the two until a decision over a sanction is taken.

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## CRICKET

### Lewis and Malcolm are in demand

Chris Lewis and Devon Malcolm have emerged as targets for counties searching for reinforcements for next season.

Leicestershire and Northamptonshire have taken advantage of the 1 November deadline, which allows counties to approach out-of-contract players once 14 days notice has been served.

Lewis is wanted by Leicestershire, where he played from 1987 until 1991, although Surrey officials are also hoping to negotiate a new deal.

Leicestershire's chief executive, David Collier, said: "We are in discussions with Chris and he is interested in joining us. We will be having further talks with him when he returns from New Zealand [where he is on tour with an England one-day squad]."

Malcolm is being chased by Northamptonshire and Hampshire after becoming disillusioned with events at Derbyshire this summer. He has promised to speak to the new captain Dominic Cork, currently on holiday, before assessing his options. Chairman Vic Brown confirmed: "Devon has asked for a few more days to think about it."

Pakistan's captain Wasim Akram was named as Lancashire's new captain last night. He has already been awarded a testimonial next season. Wasim made his debut for the county in 1988.

## MOTOR RACING

### Muller moves into Biela's seat at Audi

Frank Biela has gone back to Germany as part of an Audi touring car shake-up which runs far deeper than merely switching their works drivers from country to country.

Biela, who won the British Touring Car Championship at his and Audi's first attempt in 1996, and finished second last season, will pilot the new, front-wheel drive Audi A4 in his home competition, with the Frenchman Yvan Muller taking the German's seat here.

The 28-year-old Muller joins John Birtcliffe who, along with Biela, made Audi such a formidable force with the four-wheel drive Quattro, which has now been banned from touring car racing worldwide.

Audi's dismay at what they perceive to be the outlawing of a piece of technology simply because it was too successful has forced them to severely curtail their involvement in touring cars for 1998 and hand over the development of the A4 to Audi Sport's long-standing partner, the French-based ROC-Auto.

— Nick Duxbury

## GOAL

Goalkeeper Dougie, a 15-year-old from Lancashire, confirmed his growing reputation as one of Britain's most promising young players by winning the Canon UK Junior Championship at the Hertfordshire Cup yesterday.

Doughty produced rounds of 58 and 70 to tie with the Welsh youngster Adam Davies, but claimed the title as the first hole of the sudden death playoff. Davies had earlier set a new course record with his opening second under par 64.

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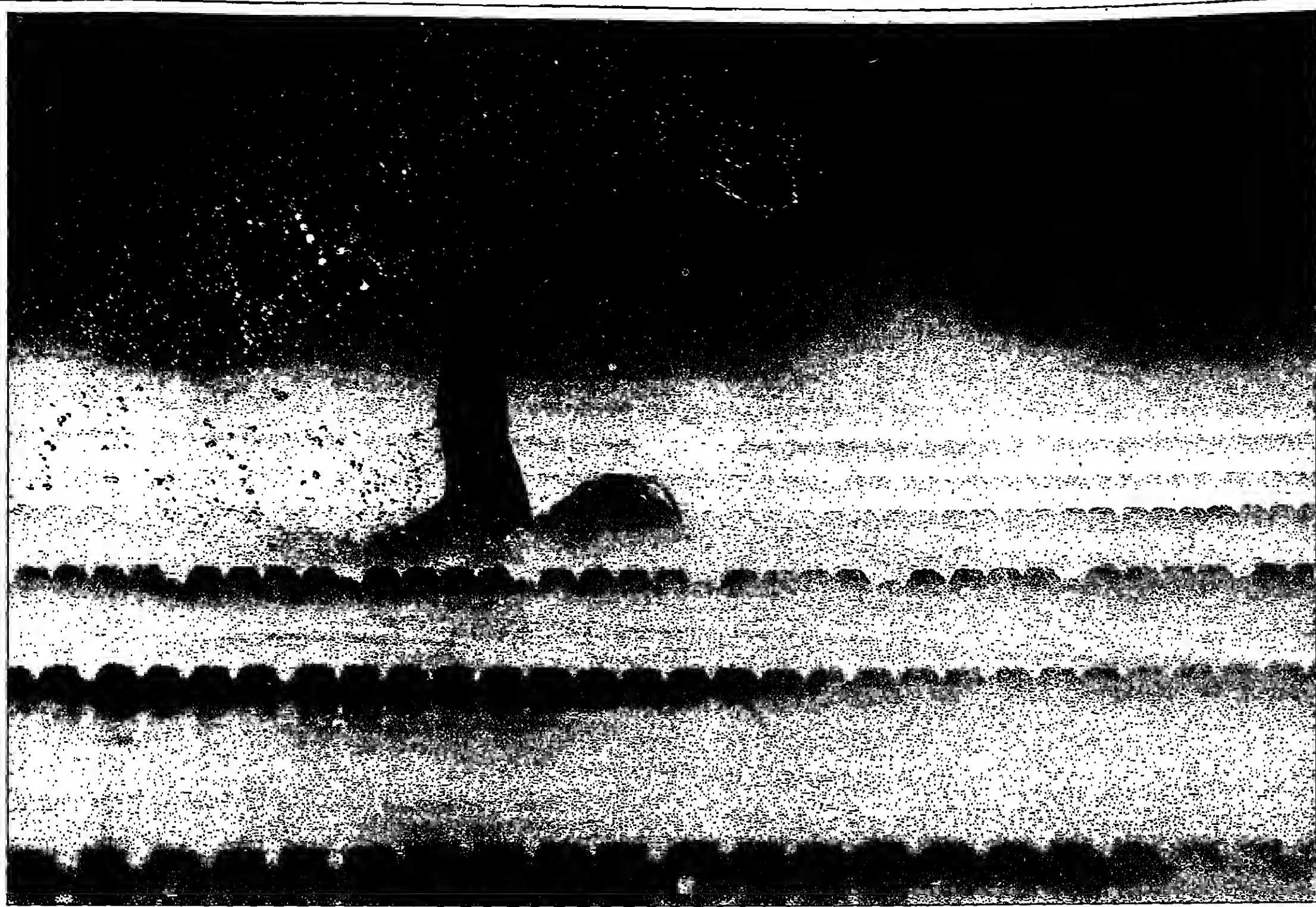
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The steam rises over a swimmer at the Steiner Aquatic Center in Salt Lake City, Utah, in the morning cold. The heated outdoor pool stays open until next week

Photograph: Steve Griffin/AP

## Robson declines Pleat job

Bobby Robson yesterday ruled himself out of the running to replace David Pleat as Sheffield Wednesday's manager. "Although I have said I would like to come back into coaching, this would not be the right thing for me," the former England manager, now Barcelona director of football, said.

Ray Harford is still believed to be the front-runner to succeed Pleat, but his chairman at West Bromwich, Ray Hall, said: "I believe Wednesday want a quick appointment and I think if they were interested we would have heard by now."

Bryan Hamilton, sacked just under two weeks ago as Northern Ireland's manager, is keen on the job. "I've got to be interested," he said. "I was very disappointed to see David lose his job. We've been good friends for a long time and I only spoke to him on Sunday morning. He seemed quite upbeat despite the pressure being under. We talked about Wednesday's problems and the areas of concern and he felt he could put things right."

Joe Royle and the Football Association's technical director, Howard Wilkinson, are also among the favourites to succeed Pleat. Royle had no comment to make yesterday. Neither had the FA spokesman Steve Double who asked about the position of Wilkinson, the former Wednesday manager. Another contender is the Queen's Park Rangers assistant manager Bruce Rioch, who is working without a contract.

Wednesday's caretaker manager, Peter Shreeves, who has seen his side win two of their first 13 Premiership matches, was one of the less upbeat yesterday. "We haven't got a manager - the only way is onwards and upwards," he said.

West Ham are to give their players a lecture following the third drink-related episode at the club this season. The latest allegations regard John Harrison, who was arrested after an incident at an Essex hotel last week. "The manager and I will sit down and discuss this with the players," the managing director Peter Storie said. "I would think we will be reminding players of their responsibilities, but no more than that."

Champions' League previews, page 31

## Taylor to take no further action over Under-21s

Despite allegations of drinking and bad behaviour, the England Under-21 coach, Peter Taylor, says the incidents have been blown out of all proportion. Phil Casey reports.

Peter Taylor, the England Under-21 coach, yesterday dismissed newspaper reports

alleging drunkenness among his players in Italy.

Five players were banned from attending England's World Cup qualifying match in Rome on 11 October after allegations about their behaviour.

However, Taylor said yesterday the matter was settled and no further action would be taken over reports surrounding the players' conduct after their European Championship qualifying victory over Italy.

He added that an article in

a Sunday newspaper which detailed allegations of a drinking binge could be subject to action from the Football Association.

The incident in Rome, where England had beaten Italy 1-0, involved Rio Ferdinand, Frank Lampard, Danny Murphy, Jamie Carragher and Beo Thatcher, but Taylor has named three of those players in his squad to face Greece in the first leg of their qualifying play-off, while Thatcher and Carragher miss out through suspension.

"I've gone on record as saying as far as I'm concerned the matter has been dealt with. There was a problem I was unhappy with and the five players didn't see the senior game in Rome. As far as I'm concerned, that was sufficient punishment. It's certainly been exaggerated quite a lot as I see it."

Taylor said the incident in question was not drink-related and added: "The players' luggage should have been ready to go at 4.00 but that was ignored."

"It was something they didn't particularly want to do so I had to show a bit of strength. I've gone on record as saying it's not drink-related. I sent them back to the airport. It had nothing to do with drink. The players know I was disappointed. They have phoned me and apologised."

Taylor's unbeaten side were top of Group Two after completing the double over Italy, which saw them become the first visiting team to beat the

Italians for 12 years. But points dropped against Georgia and Poland meant they finished outside the top seven group winners and they need to win their two-leg play-off to reach the last eight.

The first leg will take place on 13 November in Crete, with the return match at Carrow Road in early December.

"To me, the winners of the groups should have qualified," Taylor said. "It's a bit disappointing that you can win a

group including Italy by seven points and still not qualify automatically. I didn't find out that was the case for definite until three days after we beat Italy so it was a bit of a downer. But we're playing Greece now and I'm pleased we've another couple of games at least. "I saw them in January when they played Italy in a friendly and they won 1-0 that day. They have very tricky players."

U21 squad, Sporting Digest, Page 31

## Coaches' jobs may be saved

The collapse of the British Athletic Federation led yesterday to 21 staff being made redundant. However, as Mike Rowbottom reports, their jobs may yet be saved.

Eight of Britain's national coaches - including the man who guided Sally Gunnell's career, Bruce Longden - were made redundant yesterday in the wake of the British Athletic Federation's financial collapse.

The coaches' jobs, and those of 13 office staff throughout the regions, were cut by the administrators who have been called in to help pay off the federation's creditors. But fresh hope emerged yesterday as the Amateur Athletic Association, which handed over many of its traditional powers when the BAF was formed in 1991, committed itself to saving the jobs.

"I don't think we've much

choice," Geoff Clarke, the AAA's treasurer, said. "We want athletics to continue and at the end of the day we are talking about grass-roots development."

The AAA, which has financial reserves of close to £2m, will discuss the predicament of the 21 employees at a management board meeting on Sunday week.

This summer, the AAA stepped in to guarantee two monthly payments of £45,000 to keep the national coaching programme going while the BAF attempted to sort out what it then believed was a cash-flow problem.

Only one of the payments was made before the BAF, with an immediate deficit of £500,000 and running costs of £130,000 per month, was obliged to call in the administrators on 14 October.

There are now just 13 BAF employees remaining, including the newly installed chief executive, David Moorcroft. They have been told to carry on reporting for work, although their situation is far from certain.

Carl Johnson, mentor to

Britain's world triple jump record holder, Jonathan Edwards, is also on the list of those coaches who have been laid off.

The others are the North West coach Peter Warden, David Lease in the West, and the North East's Brad McStravick, as well as Brian Hall, Andy Vince and Phil Banning - national coaches of Northern Ireland, Scotland and Wales respectively.

A BAF spokeswoman, Jayne Pearce, said: "We are hoping that the coaches will be able to carry on with their roles in some shape or form, perhaps with funding from the regions. But we are not able to fund them. It is obviously a very sad day for everyone at the BAF."

The BAF has not ruled out selling its premises - valued at about £450,000 - in a bid to avert bankruptcy, while the immediate future of domestic showpiece events remains unclear.

Pearce added: "These are the issues that the administrators are looking at."

Prospect of a new dawn, page 30

## Board to check 'Good and Evil' poster for bad taste

Boxing officials want to see the "Good and Evil" poster advertising Herol Graham's clash with the "Panzamanian Devil" Vinnie Pazienza at the Wembley Arena on 6 December.

John Morris, secretary of the British Boxing Board of Control, said: "I have not had an opportunity to see it,

but it sounds like an exercise in bad taste."

The poster, headlined "The Taming of the Devil", shows the former world champion Pazienza emerging from hell with the severed heads of two women in each hand dripping blood, and running through fire.

Graham, the World

Boxing Council international super-middleweight holder, is naked, depicted as the angel, complete with halo floating through the clouds.

The promoter, Frank Maloney, cited economics, saying: "I'm investing £500,000 in this show. If the Board want to subsidise me, then I'll take it down."

**THE INDEPENDENT CROSSWORD**  
No. 3448, Wednesday 5 November By Aquila  
Today's Solution

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
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**ACROSS**

- Setting the score? (13)
- Tea-time's set about noon in Continental bar (9)
- Daggers produced by Nobel industrialists, early on (5)
- Contented pair (retired musical pair) (5)
- Local target of River Authority (9)
- One of twin air-takes below a bridge (7)
- False smile shows apprentice's contract not popular (7)
- Train that is oddly disinclined to move in this state... (7)
- ...this mouth, everybody is in station (7)
- In his study, things are highly spotted (9)
- Old master plays delicate golf-shots (5)
- In the past, exhibitor in a market-place (5)
- One can be tapped in the Tarsus area (5-4)
- Loses new press release, being in feeble state (13)

**DOWN**

- Like a beak, turned up in new English trousers (9)
- Damp brings unpleasant smell in digs, initially (5)
- No lady's coming out of church council (7)
- Soldiers, fatigued, gave ground (7)
- Do performers on them work to sliding-scales? (9)
- Fidelio, for example - work taking a long time (5)
- From April, Prudence goes straight (13)
- Removes central strata (6-7)
- Helping of food hither, sometimes, in grounds? (9)
- Sure a union paid out at one (9)
- A large drink called for a lady's maid (7)
- Popular scenes photographed in ventilation-shafts? (7)
- Rings to acquire book of architectural moulding (5)
- Pure, thin note on top (5)

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